

*ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)*

BETWEEN:

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

Applicants

- and -

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

Respondents

- and -

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

**MOTION RECORD OF RIOCAN MANAGEMENT INC., RIOCAN MORTGAGE  
CORP., RIOCAN REAL ESTATE INVESTMENT TRUST AND TRINITY URBAN  
PROPERTIES INC.  
(returnable January 16, 2014)**

January 9, 2014

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# INDEX

*ONTARIO  
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Applicants

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TAB 1



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

ONTARIO  
SUPERIOR COURT OF JUSTICE  
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BETWEEN:

DBDC SPADINA LTD.  
AND THOSE CORPORATIONS LISTED ON SCHEDULE A HERETO  
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NORMA WALTON, RONAULD WALTON,  
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**NOTICE OF MOTION**

RioCan Mortgage Corp. ("**RioCan**"), the first mortgagee of the property owned by a Schedule "B" corporation, Red Door Developments Inc. ("**Red Door 1**"), and located at 875 Queen Street East, Toronto ("**875 Queen**") pursuant to the mortgage dated July 6, 2012 (the "**Mortgage**") and the second mortgagee of the property owned by a Schedule "B" corporation, Red Door Lands Ltd. ("**Red Door 2**"), and located at 887 Queen Street East, Toronto ("**887 Queen**") (875 Queen and 887 Queen are collectively referred to as the "**Property**") pursuant to the Mortgage, with respect to a Loan Agreement dated July 6, 2012 (the "**Loan Agreement**") (Red Door 1 and Red Door 2 are collectively referred to as the "**Borrower**"); and Trinity Urban Properties Inc. ("**Trinity**"), having an option to purchase the retail portion of the Property (the "**Purchase Option**") pursuant to the Option Agreement dated July 6, 2012 (the "**Option Agreement**") with the Borrower and the related notice of the Purchase Option registered on title to the Property, will make a motion before a

judge of the Ontario Superior Court of Justice (Commercial List) on Thursday, January 16, 2014 at 9:00 a.m., or as soon after that time as the motion can be heard at 330 University Avenue, in the City of Toronto.

**THE MOTION IS FOR AN ORDER** varying the Order of the Honourable Mr. Justice Newbould made in this proceeding on November 5, 2013 (the “**Appointment Order**”) as follows:

- (a) defining Schonfeld Inc. Receivers + Trustees as the Receiver and Manager of the Borrower (the “**Receiver**”) as opposed to the Manager as defined in the Appointment Order;
- (b) subordinating the Manager’s Charge and Manager’s Borrowing Charge (as these terms are defined in the Appointment Order) to the Mortgage and Purchase Option registered against title to the Property;
- (c) including a provision that the Borrower and Receiver must comply with the terms of the Mortgage and Option Agreement;
- (d) including a provision that the Receiver must report to RioCan as required by the Mortgage and must report to Trinity if required by the Option Agreement;
- (e) excluding RioCan and Trinity from the stay of proceedings contained in paragraphs 12 and 13 of the Appointment Order;
- (f) including a provision that any agreement between the Receiver and a third party real estate firm to list the Property for sale is subject to the approval of RioCan and Trinity;
- (g) including a provision that any sale of the Property must be subject to the approval of RioCan and Trinity;

- (h) including a provision that the receipts of each of the Schedule B corporations shall be maintained in a separate account by the Receiver and may only be used to pay expenditures properly incurred by the Receiver in respect of that corporation; and
- (i) such further and other relief as counsel may request and this Honourable Court may permit.

**THE GROUNDS FOR THE MOTION ARE:**

1. RioCan is the first mortgagee of 875 Queen and the second mortgagee of 887 Queen pursuant to the Mortgage. Red Door 1 owns 875 Queen and Red Door 2 owns 887 Queen. Each are Schedule "B" corporations or companies, listed as number 18 in Schedule "B" of the Appointment Order. Trinity holds a Purchase Option over the Property pursuant to the Option Agreement. The Mortgage and Purchase Option were registered against title to the Property before the Appointment Order;
2. Under the Loan Agreement, RioCan Management Inc. made available the loan, in the principal amount of \$7,000,000, to the Borrower in connection with the purchase of the Property by the Borrower and was secured by, *inter alia*, the Mortgage;
3. The Mortgage was granted to the Borrower without RioCan knowing of any involvement in that entity or entities by Dr. Bernstein;
4. This proceeding was commenced by a Notice of Application issued on October 1, 2013;
5. RioCan and Trinity were not parties to this proceeding;
6. On October 4, 2013, this Honourable Court appointed Schonfeld Inc. Receivers + Trustees as the Inspector of the Schedule B corporations;
7. RioCan and Trinity were not served with that motion nor were they notified of that

Order;

8. On November 5, 2013, the Appointment Order was granted without the knowledge or consent of, and without any notice to, RioCan and Trinity;

9. The Appointment Order adversely affects RioCan and Trinity and is prejudicial to their rights in that it purports to have the effect of, among other things:

- (a) staying the exercise of all of RioCan's rights and remedies with respect to the Property and Borrower pursuant to the Mortgage ;
- (b) staying the exercise or potentially staying the exercise of Trinity's Purchase Option pursuant to the Option Agreement;
- (c) imposing priming charges in favour of the Manager for its fees, expenses and borrowings ranking in priority to the Mortgage held by RioCan;
- (d) authorizing the Manager to collect property revenue without any requirement to pay amounts owing under the Mortgage or any restriction whatsoever on the use of such property revenue or prohibition on the use of such property revenue to pay expenses unrelated to the Property; and
- (e) authorizing the Manager to market the Property, negotiate terms and conditions of sale and seek Court approval of a sale of the Property without requiring any consultation with RioCan and Trinity.

10. This prejudice is being imposed on RioCan and Trinity in the context of a dispute between shareholders of the Schedule B corporations (the "**Shareholder Dispute**"), and the Appointment Order, obtained on application by one of the shareholders in the dispute (of whom RioCan and Trinity had no knowledge), appears to be primarily directed at benefitting that shareholder at the expense of creditors;

11. RioCan and Trinity did not learn of the Appointment Order until on or about November 22, 2013, approximately two weeks after it was granted, by way of a letter from the Manager's counsel;

12. Upon learning of the Appointment Order, counsel for RioCan and Trinity promptly contacted counsel for the Manager to express their issues and concerns regarding the Appointment Order and met with counsel of many of the mortgagees of the properties owned by the other Schedule B corporations to discuss their concerns with the terms of the Appointment Order;

13. On or about Monday, December 9, 2013, counsel for RioCan and Trinity, including other counsel representing several of the other mortgagees of the properties owned by the other Schedule B corporations, met with the Manager and its counsel advising them that many of the said mortgagees including RioCan and Trinity wished to have the Appointment Order varied as is sought by this motion;

14. RioCan and Trinity should not be subject to the priming charges under the Appointment Order especially in the context of the Shareholder Dispute;

15. The shareholders of the Schedule B corporations should bear the expense of the Shareholder Dispute;

16. RioCan should not be precluded from enforcing the Mortgage upon the occurrence of a default by the Borrower other than the default occasioned by the appointment of the Manager under the Appointment Order;

17. Trinity should not be precluded from relying on the Purchase Option under the Option Agreement by the Appointment Order;

18. The Borrower, through the Manager or Receiver, must comply with the terms of the

Mortgage and Option Agreement;

19. Any steps taken by the Manager or Receiver to offer the Property for sale and/or to sell the Property must be subject to the approval of RioCan and Trinity;

20. Each Schedule B corporation, including Red Door 1 and Red Door 2, is a separate legal entity and, accordingly, its receipts must be kept separate from the other Schedule B corporations and be used solely for the purpose of proper expenditures of that corporation;

21. The Manager was not appointed at the request of or with the consent of RioCan and Trinity;

22. The Manager was not appointed to preserve and realize upon the Property for the benefit of RioCan; instead, the appointment was for the benefit of the shareholders of the Schedule B corporations including the Borrower;

23. RioCan does not need a Manager or Receiver to enforce the Mortgage;

24. The fees, expenses and borrowings of the Manager should be borne by the shareholders of the Schedule B corporations including the Borrower and not RioCan and Trinity.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

1. Affidavit of Leneo Sdao sworn January 8, 2014; and
2. Such further and other materials as counsel may advise and this Court may permit.

January 9, 2014

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Mortgage Corp., RioCan Real Estate Investment  
Trust and Trinity Urban Properties Inc.

**TO: THIS HONOURABLE COURT**

**AND TO: THE SERVICE LIST**

**SCHEDULE "A" CORPORATIONS**

1. Dr. Bernstein Diet Clinics Ltd.
2. 2272551 Ontario Limited
3. DBDC Investments Atlantic Ltd.
4. DBDC Investment Pape Ltd.
5. DBDC Investments Highway 7 Ltd.
6. DBDC Investments Trent Ltd.
7. DBDC Investments St. Clair Ltd.
8. DBDC Investments Tisdale Ltd.
9. DBDC Investments Leslie Ltd.
10. DBDC Investments Lesliebrook Ltd.
11. DBDC Fraser Properties Ltd.
12. DBDC Fraser Lands Ltd.
13. DBDC Queen's Corner Inc.
14. DBDC Queen's Plate Holdings Inc.
15. DBDC Dupont Developments Ltd.
16. DBDC Red Door Developments Inc.
17. DBDC Red Door Lands Inc.
18. DBDC Global Mills Ltd.
19. DBDC Donalda Developments Ltd.
20. DBDC Salmon River Properties Ltd.
21. DBDC Cityview Industrial Ltd.
22. DBDC Weston Lands Ltd.
23. DBDC Double Rose Developments Ltd.
24. DBDC Skyway Holdings Ltd.
25. DBDC West Mall Holdings
26. DBDC Royal Gate Holdings Ltd.
27. DBDC Dewhurst Developments Ltd.
28. DBDC Eddystone Place Ltd.
29. DBDC Richmond Row Holdings Ltd.



**SCHEDULE "B" CORPORATIONS**

1. Twin Dragons Corporation
2. Bannockburn Lands Inc. / Skyline - 1185 Eglinton Avenue Inc.
3. Wynford Professional Centre Ltd.
4. Liberty Village Properties Inc.
5. Liberty Village Lands Inc.
6. Riverdale Mansion Ltd.
7. Royal Agincourt Corp.
8. Hidden Gem Development Inc.
9. Ascalon Lands Ltd.
10. Tisdale Mews Inc.
11. Lesliebrook Holdings Ltd.
12. Lesliebrook Lands Ltd.
13. Fraser Properties Corp.
14. Fraser Lands Ltd.
15. Queen's Corner Corp.
16. Northern Dancer Lands Ltd.
17. Dupont Developments Ltd.
18. Red Door Developments Inc. and Red Door Lands Ltd.
19. Global Mills Inc.
20. Donalda Developments Ltd.
21. Salmon River Properties Ltd.
22. Cityview Industrial Ltd.
23. Weston Lands Ltd.
24. Double Rose Developments Ltd.
25. Skyway Holdings Ltd.
26. West Mall Holdings Ltd.
27. Royal Gate Holdings Ltd.
28. Dewhurst Developments Ltd.
29. Eddystone Place Inc.
30. Richmond Row Holdings Ltd.
31. El-Ad Limited
32. 165 Bathurst Inc.

DBDC SPADINA LTD. et al. and NORMA WALTON, et al. and THOSE CORPORATIONS  
LISTED ON SCHEDULE B HERETO

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

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE-**  
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Proceeding commenced at Toronto

**NOTICE OF MOTION**

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RioCan Real Estate Investment  
Trust and Trinity Urban  
Properties Inc.

# TAB 2

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

*ONTARIO  
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BETWEEN:

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**AFFIDAVIT OF LENE0 SDAO**

I, LENE0 SDAO, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a partner at Fogler, Rubinooff LLP ("**Foglers**") with carriage of this file and therefore I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

2. RioCan Mortgage Corp. ("**RioCan**") is the first mortgagee of the property owned by a Schedule "B" corporation, Red Door Developments Inc. ("**Red Door 1**"), located at 875 Queen Street East, Toronto ("**875 Queen**") pursuant to a mortgage dated July 6, 2012 (the "**Mortgage**"), and the second mortgagee of the property owned by a Schedule "B"

corporation, Red Door Lands Ltd. ("**Red Door 2**"), located at 887 Queen Street East, Toronto ("**887 Queen**") (875 Queen and 887 Queen are collectively referred to as the "**Property**") pursuant to the Mortgage, with respect to a Loan Agreement dated July 6, 2012 (the "**Loan Agreement**") (Red Door 1 and Red Door 2 are collectively referred to as the "**Borrower**").

3. Trinity Urban Properties Inc. ("**Trinity**") has an option to purchase the retail portion of the Property (the "**Purchase Option**") pursuant to an Option Agreement dated July 6, 2012 (the "**Option Agreement**") with the Borrower.

4. I am swearing this Affidavit in support of a motion to vary the Order of the Honourable Mr. Justice Newbould made in this proceeding on November 5, 2013 (the "**Appointment Order**") as follows:

- (a) defining Schonfeld Inc. Receivers + Trustees as the Receiver and Manager of the Borrower (the "**Receiver**") as opposed to the Manager as defined in the Appointment Order;
- (b) subordinating the Manager's Charge and Manager's Borrowing Charge (as these terms are defined in the Appointment Order) to the Mortgage and Purchase Option registered against title to the Property;
- (c) including a provision that the Borrower and Receiver must comply with the terms of the Mortgage and Option Agreement;
- (d) including a provision that the Receiver must report to RioCan as required by the Mortgage and must report to Trinity if required by the Option Agreement;
- (e) excluding RioCan and Trinity from the stay of proceedings contained in paragraphs 12 and 13 of the Appointment Order;

- (f) including a provision that any agreement between the Receiver and a third party real estate firm to list the Property for sale is subject to the approval of RioCan and Trinity;
- (g) including a provision that any sale of the Property must be subject to the approval of RioCan and Trinity; and
- (h) including a provision that the receipts of each of the Schedule B corporations shall be maintained in a separate account by the Receiver and may only be used to pay expenditures properly incurred by the Receiver in respect of that corporation.

### **Background**

5. RioCan is the first mortgagee of 875 Queen and the second mortgagee of 887 Queen pursuant to the Mortgage. Red Door 1 owns 875 Queen and Red Door 2 owns 887 Queen. Each are Schedule "B" corporations or companies, listed as number 18 in Schedule "B" of the Appointment Order. A copy of the Mortgage is attached as **Exhibit "A"** to this my Affidavit.
6. Trinity holds a Purchase Option over the Property pursuant to the Option Agreement. A copy of the Option Agreement including the notice of same registered against title to the Property is attached as **Exhibit "B"** to this my Affidavit.
7. A copy of the parcel register for the Property, with currency to December 9, 2013 and showing, among other things, the registration of the Mortgage against title to the Property, and the registration of the notice of the Purchase Option against title to the Property, is attached as **Exhibit "C"** to this my Affidavit. The Mortgage and Purchase Option were registered against title to the Property before the Appointment Order.
8. Under the Loan Agreement, RioCan Management Inc. made available the loan, in the principal amount of \$7,000,000, to the Borrower in connection with the purchase of the

Property by the Borrower and was secured by, *inter alia*, the Mortgage granted in favour of RioCan (as nominee for RioCan Management Inc.). As additional security for the said loan, RioCan Management Inc. was also granted a general security agreement by Red Door 1 on July 6, 2012; a general security agreement by Red Door 2 on July 6, 2012; and a guarantee and postponement of claim by Ron Walton and Norma Walton on July 6, 2012 (collectively, the "**Additional Security**"). A copy of the Loan Agreement and Additional Security are attached as **Exhibit "D"** to this my Affidavit.

9. Foglers has been advised by RioCan and Trinity and I do verily believe that the Mortgage was granted to the Borrower and the Option Agreement was entered into without RioCan and Trinity respectively knowing of any involvement in that entity or entities by Dr. Bernstein.

**Appointment Order Granted Without Notice to RioCan and Trinity**

10. This proceeding was commenced by a Notice of Application issued on October 1, 2013.

11. RioCan and Trinity were not parties to this proceeding.

12. On October 4, 2013, this Honourable Court appointed Schonfeld Inc. Receivers + Trustees as the Inspector of the Schedule B corporations.

13. RioCan and Trinity were not served with that motion nor were they notified of that Order.

14. On November 5, 2013, the Appointment Order was granted without the knowledge or consent of, and without any notice to, RioCan and Trinity.

15. The Appointment Order adversely affects RioCan and Trinity and is prejudicial to

their rights in that it purports to have the effect of, among other things:

- (a) staying the exercise of all of RioCan's rights and remedies with respect to the Property and Borrower pursuant to the Mortgage ;
- (b) staying the exercise or potentially staying the exercise of Trinity's Purchase Option pursuant to the Option Agreement;
- (c) imposing priming charges in favour of the Manager for its fees, expenses and borrowings ranking in priority to the Mortgage held by RioCan;
- (d) authorizing the Manager to collect the property revenue without any requirement to pay amounts owing under the Mortgage or any restriction whatsoever on the use of such property revenue or prohibition on the use of such property revenue to pay expenses unrelated to the Property; and
- (e) authorizing the Manager to market the Property, negotiate terms and conditions of sale and seek Court approval of a sale of the Property without requiring any consultation with RioCan and Trinity.

16. This prejudice is being imposed on RioCan and Trinity in the context of a dispute between shareholders of the Schedule B corporations (the "**Shareholder Dispute**"), and the Appointment Order, obtained on application by one of the shareholders in the dispute (of whom RioCan and Trinity had no knowledge), appears to be primarily directed at benefitting that shareholder at the expense of creditors.

17. RioCan and Trinity did not learn of the Appointment Order until on or about November 22, 2013, approximately two weeks after it was granted, by way of a letter from



the Manager's counsel.

18. Upon learning of the Appointment Order, counsel for RioCan and Trinity promptly contacted counsel for the Manager to express their issues and concerns regarding the Appointment Order and met with counsel of many of the mortgagees of the properties owned by the other Schedule B corporations to discuss their concerns with the terms of the Appointment Order.

19. On or about Monday, December 9, 2013, counsel for RioCan and Trinity, including other counsel representing many of the other mortgagees of the properties owned by the other Schedule B corporations, met with the Manager and its counsel advising them that many of the said mortgagees including RioCan and Trinity wished to have the Appointment Order varied as is sought by this motion.

20. RioCan and Trinity should not be subject to the priming charges under the Appointment Order especially in the context of the Shareholder Dispute.

21. The shareholders of the Schedule B corporations should bear the expense of the Shareholder Dispute.

22. RioCan should not be precluded from enforcing the Mortgage upon the occurrence of a default by the Borrower other than the default occasioned by the appointment of the Manager under the Appointment Order.

23. Trinity should not be precluded from relying on the Purchase Option under the Option Agreement by the Appointment Order.

24. The Borrower, through the Manager or Receiver, must comply with the terms of the Mortgage and Option Agreement.

25. Any steps taken by the Manager or Receiver to offer the Property for sale and/or to sell the Property must be subject to the approval of RioCan and Trinity.

26. Each Schedule B corporation, including Red Door 1 and Red Door 2, is a separate legal entity and, accordingly, its receipts must be kept separate from the other Schedule B corporations and be used solely for the purpose of proper expenditures of that corporation.

27. The Manager was not appointed at the request of or with the consent of RioCan and Trinity.

28. The Manager was not appointed to preserve and realize upon the Property for the benefit of RioCan; instead, the appointment was for the benefit of the shareholders of the Schedule B corporations including the Borrower.

29. RioCan does not need a Manager or Receiver to enforce the Mortgage.

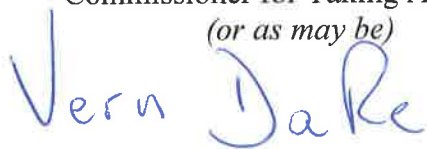
30. The fees, expenses and borrowings of the Manager should be borne by the shareholders of the Schedule B corporations including the Borrower and not RioCan and Trinity.

31. This Affidavit is sworn in support of the relief being sought in this Motion, and for no other or improper purpose whatsoever.

**SWORN BEFORE ME** at the  
City of Toronto, in the Province of Ontario,  
this 8<sup>th</sup> day of January, 2014



Commissioner for Taking Affidavits  
(or as may be)




**LENEO SDAO**

A

This is Exhibit "A" referred to in the Affidavit of Leneo Sdao sworn January 8, 2014.

A handwritten signature in blue ink, appearing to read "Jenn Dale".

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*Commissioner for Taking Affidavits (or as may be)*

**Properties**

<b>PIN</b>	21055 - 0064 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL A-1 SEC M204; LT A PL M204 TORONTO; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		

<b>PIN</b>	21055 - 0065 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL B-1 SEC M204; LT B S/S QUEEN ST EAST PL M204 TORONTO; LT C S/S QUEEN ST EAST PL M204 TORONTO; LT D S/S QUEEN ST EAST PL M204 TORONTO; PT LT E S/S QUEEN ST EAST PL M204 TORONTO COMM AT THE N WLY ANGLE OF SAID LT B; THENCE ELY ALONG THE NLY LIMITS OF SAID LOTS B, C, D AND E, BEING ALONG THE SLY LIMIT OF QUEEN ST E, 97 FT 7 1/4 INCHES, MORE OR LESS, TO A POINT IN THE NLY LIMIT OF SAID LT E DISTANT 22 FT 9 1/4 INCHES MEASURED WLY THEREON FROM THE N ELY ANGLE THEREOF; THENCE SLY IN A STRAIGHT LINE 132 FT, MORE OR LESS, TO A POINT IN THE SLY LIMIT OF SAID LT E DISTANT 22 FT 9 1/4 INCHES MEASURED WLY THEREON FROM THE S ELY ANGLE OF SAID LT E; THENCE WLY ALONG THE SLY LIMITS OF SAID LOTS E, D, C AND B, 97 FT 7 1/4 INCHES, MORE OR LESS, TO THE S WLY ANGLE OF SAID LT B; THENCE NLY ALONG THE WLY LIMIT OF SAID LT B, 132 FT, MORE OR LESS, TO THE POC; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		

<b>PIN</b>	21055 - 0066 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL G-2 SEC M204; PT LT G PL M204 TORONTO; PT LT H PL M204 TORONTO PT 2, R3025; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		

<b>PIN</b>	21055 - 0087 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL 3215 SEC P. TORONTO; PT LT E PL M204 TORONTO; PT LT F PL M204 TORONTO; PT LT G PL M204 TORONTO COMM AT A POINT IN THE SLY LIMIT OF QUEEN ST E DISTANT TWENTY-TWO FT NINE AND ONE-QUARTER INCHES (22' 9 1/4") MEASURED WLY THEREON FROM THE N ELY ANGLE OF THE SAID LT E; THENCE SLY IN A STRAIGHT LINE ONE HUNDRED AND THIRTY-TWO FT (132') MORE OR LESS TO A POINT IN THE SLY LIMIT OF SAID LT DISTANT TWENTY-TWO FT NINE AND ONE-HALF INCHES (22' 9 1/4") MEASURED WLY THEREON FROM THE SE ANGLE OF THE SAID LT; THENCE ELY ALONG THE SLY LIMIT OF SAID LOTS E, F, AND G A DISTANCE OF SEVENTY-EIGHT FT FIVE AND ONE-HALF INCHES (78' 5 1/2") MORE OR LESS TO A POINT DISTANT THIRTY-FIVE FT NINE AND ONE-QUARTER INCHES (35' 9 1/4") MEASURED WLY THEREON FROM THE WLY LIMIT OF LOGAN AV; THENCE NLY TO AND ALONG THE ELY FACE OF THE ELY WALL OF AN OLD FRAME BARN STANDING ON THE LANDS HEREIN DESCRIBED IN MAY, 1922 AND ALONG THE WLY FACE OF THE WLY WALL OF A FRAME SHED STANDING IN MAY, 1922 ON THE LANDS IMMEDIATELY TO THE E OF THE LANDS HEREIN DESCRIBED AND ALONG THE LINE OF THE FENCE RUNNING NLY THEREFROM AND CONTINUING THENCE NLY IN A STRAIGHT LINE TO A POINT IN THE PRODUCTION SLY OF THE WESTERN FACE OF THE WLY WALL OF THE MAIN PT OF THE STORE BUILDING STANDING IN MAY, 1922 UPON THE LAND IMMEDIATELY TO THE E OF THE LANDS HEREIN DESCRIBED, WHICH POINT IS DISTANT THREE FT (3') MEASURED SLY ALONG THE SAID PRODUCTION FROM THE S WLY ANGLE OF THE SAID MAIN PT OF THE SAID STORE BUILDING, THE SAID POINT BEING DISTANT ALSO NINETY-FOUR FT SEVEN INCHES (94' 7") MORE OR LESS NLY FROM THE SLY LIMIT OF THE SAID LT G; THENCE WLY AND PARALLEL TO THE SLY LIMIT OF QUEEN ST E TWO FT (2'); THENCE NLY TO AND ALONG THE LINE DRAWN PARALLEL TO THE SAID WLY FACE OF THE WLY WALL OF THE SAID MAIN PT OF THE SAID STORE BUILDING AND DISTANT TWO FT (2') WLY THEREFROM AND ALONG THE NLY PRODUCTION OF THE SAME, IN ALL A DISTANCE OF THIRTY-SEVEN FT FIVE INCHES (37' 5") TO THE SLY LIMIT OF QUEEN ST E AFORESAID; THENCE WLY ALONG THE LAST MENTIONED LIMIT SEVENTY-FIVE FT (75') MORE OR LESS TO THE POC EXCEPT PT 3, R3025; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		

<b>PIN</b>	21055 - 0068 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL G-1 SEC M204; PT LT G PL M204 TORONTO; PT LT H PL M204 TORONTO PARTS 1 AND 3, R3025; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		

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

yyyy mm dd Page 2 of 5

**Properties**

**PIN** 21055 - 0069 LT **Interest/Estate** Fee Simple

**Description** PCL H-1 SEC M204; PT LT H S/S QUEEN ST EAST PL M204 TORONTO COMM AT A POINT IN THE SLY LIMIT OF QUEEN ST E WHERE THE SAME WOULD BE INTERSECTED BY THE PRODUCTION NLY OF THE CENTRE LINE OF PARTITION WALL BTN THE MAIN PARTS OF THE BRICK STORE BUILDINGS STANDING IN MAY 1922 UPON THE SAID LT AND LANDS IMMEDIATELY TO THE W THEREOF, THE SAID POINT BEING DISTANT 20 FT 7 INCHES MEASURED WLY ALONG THE SAID LIMIT OF QUEEN ST E FROM THE WLY LIMIT OF LOGAN AV (FORMERLY CALLED BLONG ST); THENCE SLY TO AND ALONG THE SAID CENTRE LINE OF WALL IN ALL A DISTANCE OF 33 FT 9 INCHES TO AN ANGLE IN THE SAME; THENCE ELY ALONG THE CENTRE LINE OF PARTITION WALL BTN THE AFORESAID BUILDINGS AND ON A COURSE ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E 3 FT TO THE CENTRE LINE OF PARTITION WALL BTN THE REAR PARTS OF THE AFORESAID STORE BUILDINGS; THENCE SLY ALONG THE LAST MENTIONED CENTRE LINE OF WALL 28 FT 10 1/2 INCHES TO A POINT IN THE SLY FACE OF THE SLY WALL OF THE SAID REAR PARTS OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 5 3/4 INCHES MEASURED WLY ON A COURSE PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY IN A STRAIGHT LINE 8 FT 1 1/2 INCHES TO A POINT IN THE SLY FACE OF THE SLY WALL OF THE FRAME EXTENSIONS OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 11 1/2 INCHES MEASURED WLY ON A COURSE PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY ALONG THE LINE OF FENCE DIVIDING IN PT THE REAR PREMISES OF THE SAID STORE BUILDINGS 26 FT 6 INCHES TO A POINT IN THE NLY FACE OF THE NLY WALL OF CERTAIN FRAME SHEDS STANDING AT THE DATE THEREINBEFORE LAST MENTIONED UPON THE REAR PREMISES OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 2 1/2 INCHES MEASURED WLY ON A COURSE ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY ALONG THE CENTRE LINE OF PARTITION BTN THE SAID SHEDS, 10 FT 3 INCHES TO THE SLY FACE OF THE SAID SHEDS; THENCE WLY ALONG THE SAID SLY FACE OF SHEDS, BEING ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E, 2 FT 9 1/2 INCHES; THENCE SLY ALONG THE CENTRE LINE OF PARTITION WALL IN AN OLD FRAME BUILDING STANDING AT THE DATE THEREINBEFORE LAST MENTIONED, UPON THE REAR PREMISES OF THE SAID STORE BUILDINGS, AND CONTINUING THENCE SLY PARALLEL TO THE SAID LIMIT OF LOGAN AV, IN ALL A DISTANCE OF 24 FT 6 INCHES TO A POINT IN THE NLY LIMIT OF THE LANE IN THE SAID LT, WHICH POINT IS DISTANT 19 FT 10-3/4 INCHES, MEASURED WLY THEREON FROM THE SAID LIMIT OF LOGAN AV; THENCE ELY ALONG THE SAID LIMIT OF LANE 19 FT 10-3/4 INCHES TO THE WLY LIMIT OF LOGAN AV; THENCE NLY ALONG THE SAID LIMIT OF LOGAN AV 132 FT TO THE SLY LIMIT OF QUEEN ST E AFORESAID; THENCE WLY ALONG THE LAST MENTIONED LIMIT 20 FT 7 INCHES, MORE OR LESS, TO THE POC; TORONTO, CITY OF TORONTO

**Address** 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** RED DOOR DEVELOPMENTS INC.

**Address for Service** 30 Hazelton Avenue  
Toronto, Ontario M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

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

**Name** RED DOOR LANDS LTD.

**Address for Service** 30 Hazelton Avenue  
Toronto, Ontario M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

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

LRO # 80 Charge/Mortgage

Recalpted as AT3067870 on 2012 07 06 at 16:42

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

yyyy mm dd Page 3 of 5

Chargee(s)	Capacity	Share
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Name **RIOCAN MORTGAGE CORP.**  
 Address for Service RioCan Yonge Eglinton Centre  
 2300 Yonge Street, Suite 500  
 P.O. Box 2388  
 Toronto, Ontario M4P 1E4

Statements
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Schedule: See Schedules

Provisions
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Principal \$ 7,000,000.00 Currency CDN  
 Calculation Period Compounded Quarterly  
 Balance Due Date  
 Interest Rate 6.0% Per Annum  
 Payments  
 Interest Adjustment Date  
 Payment Date  
 First Payment Date  
 Last Payment Date  
 Standard Charge Terms 200033  
 Insurance Amount full insurable value  
 Guarantor

Signed By
-----------

John Todd Holmes 100-95 Barber Greene Rd. acting for Signed 2012 07 06  
 Toronto  
 M3C 3E9  
 Tel 4164491400  
 Fax 4164497071

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

Submitted By
--------------

DEVRY, SMITH & FRANK 100-95 Barber Greene Rd. 2012 07 06  
 Toronto  
 M3C 3E9  
 Tel 4164491400  
 Fax 4164497071

Fees/Taxes/Payment
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Statutory Registration Fee \$60.00  
 Total Paid \$60.00

File Number
-------------

Chargee Client File Number : 12/3756

SCHEDULE OF  
ADDITIONAL CHARGE PROVISIONS

Schedule to Charge/Mortgage (the "Charge")  
between Red Door Developments Inc. and Red  
Door Lands Ltd. (collectively, the "Chargor"), as  
chargor, and RioCan Management Inc. (the  
"Chargee"), as chargee

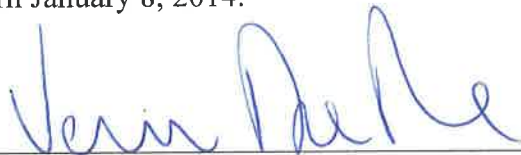
1. This Charge is a collateral charge securing the obligations of the Chargor pursuant to a Loan Agreement dated as of July 6, 2012 (the "Loan Agreement").
2. If there is any conflict or inconsistency between any provision of this Charge and the Loan Agreement, the provisions of the Loan Agreement shall prevail to the extent of any such conflict or inconsistency (provided that the existence of additional terms, or the omission of certain terms in this Charge or the Loan Agreement shall not be considered to be a conflict or inconsistency unless an actual conflict or inconsistency exists).
3. The Chargee agrees to co-operate with the Chargor, and to execute, without payment of any principal and/or interest, or any other monies, any and all plans, documents and agreements whatsoever which may be necessary or desirable in order to facilitate the development of the real property including the registration of a plan or plans of condominium or the construction of any building or dwelling unit upon the real property and it shall consent in writing to any condominium plan application, site plan agreement or to any severance or minor variance application or applications which the Chargor may make including the execution of any and all agreements or documents required by the appropriate municipality or by any governing authority or public agency or utility as a condition of permitting or completing any such condominium, site plan, severance or minor variance, provided that the Chargee incurs no liability (financial or otherwise) in connection therewith and shall be reimbursed by the Chargor for all costs and expenses incurred with respect thereto.
4. The Chargee shall execute and deliver without payment of any principal and/or interest, or other monies, such partial discharge or discharges or other assurances as may be required to convey to any municipality, public authority, other governmental body or authority, school board, utility, or conservation authority, any lands required for municipal, public or any other purposes, in order to permit a severance or minor variance application to proceed or to comply with any conditions thereof or to complete, comply with or obtain the approval of any site plan agreement or the registration of a plan of condominium, or for any other municipal or other public purpose, including but without limiting in any way the generality of the foregoing, such public or private purposes as roads, road widenings, walkways and reserves, provided the Chargee incurs no liability (financial or otherwise) in connection therewith and shall be reimbursed by the Chargor for all costs and expenses incurred with respect thereto.
5. The Chargee agrees to execute and deliver without any payment of principal, interest or other monies, such partial discharge or discharges and any consents, subordinations or postponements required in order to create and grant easements, rights-of-way, licences or reserves for governmental or municipal, whether public, quasi public or private and whether for gas, water, electricity, telephone, sewer (sanitary and storm), cable television, or similar services or purposes, provided the Chargee incurs no liability (financial or otherwise) in connection therewith and shall be reimbursed by the Chargor for all costs and expenses incurred with respect thereto. Furthermore, the Chargee agrees to consent to and execute in writing any document required by the Chargor in connection with the entering into of any condominium, development, site plan or similar development agreement with the relevant municipality, public or private utility or other governmental authority, provided the Chargee incurs no liability (financial or otherwise) in connection therewith and shall be reimbursed by the Chargor for all costs and expenses incurred with respect thereto.



6. The Chargee agrees to consent in writing to any application or document that may be required to register the charged property as a plan of condominium pursuant to the *Condominium Act*, provided the Chargee incurs no costs, expenses or obligations (financial or otherwise) in connection therewith. The Chargee shall provide the Chargor's solicitor, upon request, with an executed consent (Schedule B to the Declaration) (the "Consent") in the form of Form 1 to regulation 48/01 of the *Condominium Act*, 1998.
7. The demolition of the existing buildings located on the charged properties for the proposed development thereon shall not constitute waste for purposes of paragraph 17 of Standard Charge Terms No. 200033.
8. The Chargor shall pay all reasonable costs and expenses incurred by the Chargee with respect to the granting of any discharge or partial discharges of this Charge.

B

This is Exhibit "B" referred to in the Affidavit of Leneo Sdao sworn January 8, 2014.

A handwritten signature in blue ink, appearing to read "Vern Dele", is written over a horizontal line.

*Commissioner for Taking Affidavits (or as may be)*

**OPTION AGREEMENT**

THIS AGREEMENT made the 6<sup>th</sup> day of July, 2012.

BETWEEN:

**RED DOOR DEVELOPMENTS INC. and  
RED DOOR LANDS LTD.**  
(hereinafter collectively called the "**Grantor**")

OF THE FIRST PART

- and -

**TRINITY URBAN PROPERTIES INC.**  
(hereinafter called the "**Grantee**")

OF THE SECOND PART

**WHEREAS** the Grantor is the registered and beneficial owner of the lands described in Schedule "A" attached hereto (the "**Lands**");

**AND WHEREAS** the Grantor intends to construct a retail/residential development and women's shelter on the Lands (the "**Development**");

**AND WHEREAS** the Grantor has agreed to grant to the Grantee an option to purchase the retail portion of the Development comprising approximately 20,000 square feet (the "**Retail Portion**") together with associated parking spaces;

**WITNESSETH THAT** in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Grantee to the Grantor (the receipt and sufficiency of which are hereby acknowledged) and in consideration of the mutual covenants and agreements herein contained the parties hereto hereby covenant and agree as follows:

1. In this Agreement, the following words or phrases shall have the following meanings:
  - (a) "**Agreement of Purchase and Sale**" means the Agreement of Purchase and Sale which will come into existence pursuant to Section 2 hereof upon the exercise of the option by the Grantee herein granted by the Grantor to the Grantee;
  - (b) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
  - (c) "**Mortgage**" means that certain charge given by the Grantor to RioCan Mortgage Corp. (as nominee for RioCan Management Inc.) in the principal amount of SEVEN MILLION DOLLARS (\$7,000,000.00) registered against the Lands as Instrument No. \_\_\_\_\_; and
  - (d) "**Option Price**" means TEN DOLLARS (\$10.00) of lawful money of Canada.

2. In consideration of the Option Price, the acceptance of which by the Grantor is hereby acknowledged, the Grantor hereby grants to the Grantee options irrevocable within the time limited herein for acceptance, to purchase, free from encumbrances, the Retail Portion and related parking spaces on the following terms and conditions:
- (a) The option may be exercised by the Grantee at any time on or before July 6, 2014 by the Grantee giving notice in writing to the Grantor in accordance with the notice provisions contained in Section 8 of this Agreement.
  - (b) If the Grantee exercises the option to purchase set out in Subsection 2(a) it shall have the further option, exercisable at the same time as the said option, to purchase a second floor of retail space in the Development if the same is zoned for retail purposes at a price to be agreed to by the parties but not greater than THREE HUNDRED FIFTY DOLLARS (\$350.00) per square foot of leaseable floor area. In the event the parties have not agreed to a purchase price for such second floor within sixty (60) days of the Grantee giving the notice exercising such option then the option respecting such second floor shall be deemed to have not been exercised. If the aforesaid option respecting the purchase of such second floor is exercised such second floor shall, subject to the foregoing, be deemed to be part of and included in the Retail Portion.
  - (c) If the option or options are exercised an Agreement of Purchase and Sale shall be deemed to come into existence between the Grantor and the Grantee with respect to the purchase of the Retail Portion and the related parking spots on the following terms:
    - (i) The purchase price for the Retail Portion of the Development shall be calculated at the rate of THREE HUNDRED FIFTY DOLLARS (\$350.00) per square foot of leaseable floor area as certified by the architect who designed the Development and the purchase price for the related parking spaces shall be equal to the cost to the Grantor of constructing such parking spaces as determined by a cost consultant to be appointed by the Grantor. Such cost consultant shall determine the cost of constructing such parking spaces not less than thirty (30) days prior to Closing and the Grantee shall make all information requested by the cost consultant available to it to assist it in determining such cost. The fees and disbursements of such cost consultant shall be paid equally by the Grantor and the Grantee.
    - (ii) The Grantee shall be permitted to purchase any number of parking spaces as it requires, acting reasonably.
    - (iii) The Grantor shall be responsible, at its sole cost and expense, for constructing the Development, including, but not limited to, all loading facilities, HVAC and services for the Retail Portion, canopies, paved sidewalks and generally including all matters that would be included in a retail space for a tenant before such premises are handed over to the tenant for fixturing. The Grantor shall create the Retail Portion of the

Development by way of strata title. The residential component of the Development and the parking spaces shall be created by way of a condominium registration for which the Grantor shall also be responsible. The Grantee shall construct a sufficient number of parking spaces in the Development to accommodate the Retail Portion including any second floor retail space, as determined by the Grantee acting reasonably. For greater certainty it is understood and agreed that the Grantee shall not be responsible for any costs of construction and that its sole financial obligation shall be to pay the purchase price for the Retail Portion and any associated parking spaces.

- (iv) Closing shall occur on the first (1<sup>st</sup>) Business Day following the sixtieth (60<sup>th</sup>) day after the Retail Portion and the related parking spaces are capable of being transferred in compliance with the *Planning Act* (Ontario) to the Grantee, or to whom it may direct, but no later than the 5<sup>th</sup> day of July, 2020. If the purchase transaction has not been completed by the 5<sup>th</sup> day of July, 2020 then the Agreement of Purchase and Sale which came into effect upon the exercise of the option shall be at an end and any monies, including principal and accrued interest owing pursuant to the Mortgage, shall be repaid by the Grantor to RioCan Management Inc.
- (v) The Grantee shall be entitled to have RioCan Real Estate Investment Trust or its affiliated or related entities ("RioCan"), participate in the purchase of the Retail Portion. In addition the Grantee shall be entitled to pledge the within option to purchase to RioCan and notice of such pledge may be registered on title to the Lands.
- (vi) The purchase price shall be paid, on closing, by certified cheque or wire transfer. In the event that on closing any principal or interest remains outstanding under the Mortgage the Grantor shall direct the Grantee to pay such amount of the net closing proceeds as is necessary to repay, in full, all indebtedness secured by the Mortgage.
- (vii) Vacant possession of the Retail Portion and the related parking spaces shall be given to the Grantee on closing.
- (viii) Title to the Retail Portion and the related parking spaces shall be good and free from all encumbrances and the Grantor agrees to discharge and release at its sole cost and expense, on or before closing, all encumbrances, save and except for any municipal agreements, provided the same have been complied with and subject to any easements or rights of way which benefit the Lands.
- (ix) The Development, including any building located thereon, is to remain at the risk of the Grantor pending completion.

- (d) The Grantee shall be entitled to assign the options granted herein to RioCan Real Estate Investment Trust or any of its affiliated or related corporations, whether now existing or not, without the consent of the Grantor.
3. The Grantee shall be responsible for designing and leasing the Retail Portion, including any second floor retail space included in the Development, and it is understood and agreed that the Grantee shall be permitted to design the same prior to, and not as a condition of, the exercise of the options herein. The Grantee shall have no liability to the Grantor with respect to the design and leasing of the Retail Portion and in that regard and in consideration of the premises, TWO DOLLARS (\$2.00) and other good and valuable consideration the Grantee on behalf of itself, its successors and assigns hereby releases, acquits and forever discharges, without qualification or limitation the Grantee from all manner of actions, causes of action, suits, debts, duties, dues, accounts, bonds, covenants, contracts, liabilities, indemnities, complaints, costs, claims and demands for damages, monies, losses or injuries which the Grantor shall or may have, either in equity or in law, for, or by reason of any cause, manner or thing whatsoever arising from the Grantee or its architects and consultants, designing and leasing the Retail Portion and the Grantor agrees to indemnify and save harmless the Grantee from any and all claims, demands, proceedings or actions with respect to all matters as hereinbefore set out. It is understood and agreed that the Grantee shall be permitted, at its own expense, to retain a separate architect and any other retail consultants for the purposes of designing and leasing the Retail Portion, as aforesaid. The Grantee's architects and consultants shall liaise with and co-operate fully with the Grantor's architects and consultants who the Grantor covenants and agrees shall be authorized to deal with the Grantee, its architects and consultants. Each of the Grantor and Grantee covenant and agree to direct their architects and consultants to co-operate fully with each other and to fully share all information and drawings between themselves for the design and integration of the Development so that a proper design and integration of the Development can be achieved.
4. The Grantor covenants and agrees with the Grantee to, from and after the date hereof, deliver to the Grantee copies of all plans, documents, agreements, applications and all other matters relating the development of the Lands which may be necessary or desirable to facilitate the construction and development of the Development all of which shall be subject to the approval of the Grantee acting reasonably. In addition the Grantor shall keep the Grantee advised of all meetings with provincial and municipal governmental authorities which meetings the Grantee shall be permitted to have its representatives attend. In addition to the foregoing to Grantor shall deliver to the Grantee written monthly reports with respect to the status of the development process respecting the Development.
5. The Grantor represents and warrants that this Agreement has been duly executed and delivered and constitutes a legal, valid and binding obligation of the Grantor, enforceable in accordance with its terms.
6. Each of the Grantor and the Grantee covenant and agree to deliver any documents which are necessary in the opinion of the solicitors of the other party, acting reasonably, in order to complete the transaction contemplated by the Agreement of Purchase and Sale. All

documents to be executed and delivered by the Grantor and the Grantee on closing shall be in form and substance satisfactory to the other's solicitors acting reasonably.

7. This Agreement shall constitute the entire agreement between the Grantee and the Grantor. The parties agree that there are no covenants, representations, warranties, collateral agreements or conditions, whether direct or collateral, express or implied which induced any party to enter into this Agreement or on which reliance is placed by any such party, or which affects this Agreement other than as expressed herein.
8. Any notice, request, consent, acceptance, waiver or other communication required or permitted to be given under this Agreement (a "Notice") shall be in writing and shall be given by personal delivery or written telegraphic or electronic communication which results in a written or printed notice being given to the applicable address set forth below:

in the case of each of the Grantee addressed to it at:

c/o Trinity Development Group Inc.  
359 Kent St., Suite 400  
Ottawa, Ontario, K2P 0R6

Attention John Ruddy, President  
Fax No.: 613-565-6380  
Tel No.: 613-565-5864

with a copy to:

c/o RioCan Real Estate Investment Trust  
RioCan Yonge Eglinton Centre  
2300 Yonge St., Suite 500  
P.O. Box 2386  
Toronto ON M4P 1E4

Attention: Jonathan Gitlin  
Fax No.: 416-866-3020  
Tel No.: 416-866-8292

and with a copy to:

Fogler, Rubinoff LLP  
Barristers and Solicitors  
95 Wellington Street West  
Suite 1200, Toronto-Dominion Centre  
Toronto, Ontario M5J 2Z9

Attention Jeffrey B. Goldenberg  
Fax No.: 416-941-8852  
Tel No.: 416-864-9700



and in the case of the Grantor addressed to it at:

30 Hazelton Ave.  
Toronto, ON M5R 2E2

Attention       Norma Walton  
Fax No.:       416-489-9973  
Tel No.:       416-489-3171

9. Any Notice, if delivered, shall be deemed to have been validly and effectively given and received on the date of delivery. Any Notice, if sent by telegraphic or electronic communication, shall be deemed to have been validly and effectively given and received on the date of transmission unless such date is not a Business Day or if transmitted after 4:00 p.m. on a Business Day, in which case such Notice shall be deemed to have been validly and effectively given and received on the next following Business Day.
10. By giving to the other party at least ten (10) days' Notice, any party may, at any time and from time-to-time, change its address for delivery or communication for the purposes of Section 8.
11. This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
12. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof and any such invalid or unenforceable provision shall be deemed to be severable.
13. Time shall be of the essence of this Agreement and the Agreement of Purchase and Sale.
14. Each of the Grantor and the Grantee agrees that it shall and will from time-to-time and at all times do all such further acts and execute all such further documents and provide all such assurances as shall be reasonably required by the other to fully perform and carry out the terms of this Agreement and the Agreement of Purchase and Sale.
15. This agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original hereof and fully binding upon the signatory thereto, and all such counterparts shall together constitute one and the same instrument.
16. Notice of this option shall be registered against title to the Lands in priority to all mortgages and charges.

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

**RED DOOR DEVELOPMENTS INC.**

Per: 

Name: Norma Walton

Title: President

*I have authority to bind the Corporation*

**RED DOOR LANDS LTD.**

Per: 

Name: Norma Walton

Title: President

*I have authority to bind the Corporation*

**TRINITY URBAN PROPERTIES INC.**

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

Name: John Ruddy

Title: President

*I have authority to bind the Corporation*

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

**RED DOOR DEVELOPMENTS INC.**

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

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

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

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

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

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

*I/We have authority to bind the Corporation*

**RED DOOR LANDS LTD.**

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

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

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

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

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

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

*I/We have authority to bind the Corporation*

**TRINITY URBAN PROPERTIES INC.**

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

Name: John Ruddy

Title: President

*I have authority to bind the Corporation*

## SCHEDULE "A"

**Municipal Address:**

875 Queen Street East, Toronto

**Firstly**

**PIN 21055-0064 (LT):**

Parcel A-1, Section M204; Lot A, Plan M204, Toronto; Toronto, City of Toronto

**Secondly**

**PIN 21055-0065 (LT):**

Parcel B-1, Section M204; Lot B, S/S Queen St East, Plan M204, Toronto; Lot C, S/S Queen St East, Plan M204, Toronto; Lot D, S/S Queen St East, Plan M204, Toronto; Part Lot E, S/S Queen St East, Plan M204, Toronto, commencing at the north westerly angle of said Lot B; Thence easterly along the northerly limits of said Lots B, C, D and E, being along the southerly limit of Queen St E, 97 feet 7 1/4 inches, more or less, to a point in the northerly limit of said Lot E distant 22 feet 9 1/4 inches measured westerly thereon from the north easterly angle thereof; Thence southerly in a straight line 132 feet, more or less, to a point in the southerly limit of said Lot E distant 22 feet 9 1/4 inches measured westerly thereon from the south easterly angle of said Lot E; Thence westerly along the southerly limits of said Lots E, D, C and B, 97 feet 7 1/4 inches, more or less, to the south westerly angle of said Lot B; Thence northerly along the westerly limit of said Lot B, 132 feet, more or less, to the point of commencement; Toronto, City of Toronto

**Thirdly**

**PIN 21055-0066 (LT):**

Parcel G-2, Section M204; Part Lot G, Plan M204, Toronto; Part Lot H, Plan M204, Toronto, Part 2, R3025; Toronto, City of Toronto

**Fourthly**

**PIN 21055-0067 (LT):**

Parcel 3215, Section P, Toronto; Part Lot E, Plan M204, Toronto; Part Lot F, Plan M204, Toronto; Part Lot G, Plan M204, Toronto, Commencing at a point in the southerly limit of Queen St E distant twenty-two feet nine and one-quarter inches (22' 9 1/4") measured westerly thereon from the north easterly angle of the said Lot E; Thence southerly in a straight line one hundred and thirty-two feet (132') more or less to a point in the southerly limit of said Lot distant twenty-two feet nine and one-half inches (22' 9 1/4") measured westerly thereon from the southeast angle of the said Lot; Thence easterly along the southerly limit of said Lots E, F, and G a distance of seventy-eight feet five and one-half inches (78' 5 1/2") more or less to a point distant thirty-five feet nine and one-quarter inches (35' 9 1/4") measured westerly thereon from

the westerly limit of Logan Avenue; Thence northerly to and along the easterly face of the easterly wall of an Old Frame Barn standing on the lands herein described in May, 1922 and along the westerly face of the westerly wall of a frame shed standing in May, 1922 on the lands immediately to the east of the lands herein described and along the line of the fence running northerly therefrom and continuing thence northerly in a straight line to a point in the production southerly of the western fact of the westerly wall of the main part of the Store Building standing in May, 1922 upon the land immediately to the east of the lands herein described, which point is distant three feet (3') measured southerly along the said production from the south westerly angle of the said main part of the said Store Building, the said point being distant also ninety-four feet seven inches (94' 7") more or less northerly from the southerly limit of the said Lot G; Thence westerly and parallel to the SLY limit of Queen St E two feet (2'); Thence northerly to and along the line drawn parallel to the said westerly face of the westerly wall of the said main part of the said Store Building and distant two feet (2') westerly therefrom and along the northerly production of the same, in all a distance of thirty-seven feet five inches (37' 5") to the southerly limit of Queen St E aforesaid; Thence westerly along the last mentioned limit seventy-five feet (75') more or less to the point of commencement except Part 3, R3025; Toronto, City of Toronto

**Municipal Address:**

887 Queen Street East, Toronto

**Firstly**

**PIN 21055-0068 (LT):**

Parcel G-1, Section M204; Part Lot G, Plan M204, Toronto; Part Lot H, Plan M204, Toronto, Parts 1 and 3, R3025; Toronto, City of Toronto

**Secondly**

**PIN 21055-0069 (LT):**

Parcel H-1, Section M204; Part Lot H, S/S Queen St East Plan M204, Toronto, commencing at a point in the southerly limit of Queen St E where the same would be intersected by the production northerly of the centre line of partition wall between the main parts of the brick store buildings standing in May 1922 upon the said Lot and lands immediately to the west thereof, the said point being distant 20 feet 7 inches measured westerly along the said limit of Queen St E from the westerly limit of Logan Ave (formerly called Blong St); Thence southerly to and along the said centre line of wall in all a distance of 33 feet 9 inches to an angle in the same; Thence easterly along the centre line of partition wall between the aforesaid buildings and on a course about parallel to the said

limit of Queen St E 3 feet to the centre line of partition wall between the rear parts of the aforesaid store buildings; Thence southerly along the last mentioned centre line of wall 28 feet 10 1/2 inches to a point in the southerly face of the southerly wall of the said rear parts of the said store buildings, which point is distant 17 feet 5 3/4 inches measured westerly on a course parallel to the said limit of Queen St E from the said limit of Logan Ave; Thence southerly in a straight line 8 feet 1 1/2 inches to a point in the southerly face of the southerly wall of the frame extensions of the said store buildings, which point is distant 17 feet 11 1/2 inches measured westerly on a course parallel to the said limit of Queen St E from the said limit of Logan Avenue; Thence southerly along the line of fence dividing in part the rear premises of the said store buildings 26 feet 6 inches to a point in the northerly face of the northerly wall of certain frame sheds standing at the date thereinbefore last mentioned upon the rear premises of the said store buildings, which point is distant 17 feet 2 1/2 inches measured westerly on a course about parallel to the said limit of Queen St E from the said limit of Logan Ave; Thence southerly along the centre line of partition between the said sheds 10 feet 3 inches to the southerly face of the said sheds; Thence westerly along the said southerly face of sheds, being about parallel to the said limit of Queen St E, 2 feet 9 1/2 inches; Thence southerly along the centre line of partition wall in an old frame building standing at the date thereinbefore last mentioned, upon the rear premises of the said store buildings, and continuing thence southerly parallel to the said limit of Logan Ave, in all a distance of 24 feet 6 inches to a point in the northerly limit of the lane in the said Lot, which point is distant 19 feet 10-3/4 inches, measured westerly thereon from the said limit of Logan Ave; Thence easterly along the said limit of lane 19 feet 10-3/4 inches to the westerly limit of Logan Ave; Thence northerly along the said limit of Logan Ave 132 feet to the southerly limit of Queen St E aforesaid; Thence westerly along the last mentioned limit 20 FT 7 inches, more or less, to the point of commencement; Toronto, City of Toronto



**Properties**

<b>PIN</b>	21055 - 0064 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL A-1 SEC M204; LT A PL M204 TORONTO; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		
<b>PIN</b>	21055 - 0065 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL B-1 SEC M204; LT B S/S QUEEN ST EAST PL M204 TORONTO; LT C S/S QUEEN ST EAST PL M204 TORONTO; LT D S/S QUEEN ST EAST PL M204 TORONTO; PT LT E S/S QUEEN ST EAST PL M204 TORONTO COMM AT THE N WLY ANGLE OF SAID LT B; THENCE ELY ALONG THE NLY LIMITS OF SAID LOTS B, C, D AND E, BEING ALONG THE SLY LIMIT OF QUEEN ST E, 97 FT 7 1/4 INCHES, MORE OR LESS, TO A POINT IN THE NLY LIMIT OF SAID LT E DISTANT 22 FT 9 1/4 INCHES MEASURED WLY THEREON FROM THE N ELY ANGLE THEREOF; THENCE SLY IN A STRAIGHT LINE 132 FT, MORE OR LESS, TO A POINT IN THE SLY LIMIT OF SAID LT E DISTANT 22 FT 9 1/4 INCHES MEASURED WLY THEREON FROM THE S ELY ANGLE OF SAID LT E; THENCE WLY ALONG THE SLY LIMITS OF SAID LOTS E, D, C AND B, 97 FT 7 1/4 INCHES, MORE OR LESS, TO THE S WLY ANGLE OF SAID LT B; THENCE NLY ALONG THE WLY LIMIT OF SAID LT B, 132 FT, MORE OR LESS, TO THE POC; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		
<b>PIN</b>	21055 - 0066 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL G-2 SEC M204; PT LT G PL M204 TORONTO; PT LT H PL M204 TORONTO PT 2, R3025; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		
<b>PIN</b>	21055 - 0067 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL 3215 SEC P, TORONTO; PT LT E PL M204 TORONTO; PT LT F PL M204 TORONTO; PT LT G PL M204 TORONTO COMM AT A POINT IN THE SLY LIMIT OF QUEEN ST E DISTANT TWENTY-TWO FT NINE AND ONE-QUARTER INCHES (22' 9 1/4") MEASURED WLY THEREON FROM THE N ELY ANGLE OF THE SAID LT E; THENCE SLY IN A STRAIGHT LINE ONE HUNDRED AND THIRTY-TWO FT (132') MORE OR LESS TO A POINT IN THE SLY LIMIT OF SAID LT DISTANT TWENTY-TWO FT NINE AND ONE-HALF INCHES (22' 9 1/4") MEASURED WLY THEREON FROM THE SE ANGLE OF THE SAID LT; THENCE ELY ALONG THE SLY LIMIT OF SAID LOTS E, F, AND G A DISTANCE OF SEVENTY-EIGHT FT FIVE AND ONE-HALF INCHES (78' 5 1/2") MORE OR LESS TO A POINT DISTANT THIRTY-FIVE FT NINE AND ONE-QUARTER INCHES (35' 9 1/4") MEASURED WLY THEREON FROM THE WLY LIMIT OF LOGAN AV; THENCE NLY TO AND ALONG THE ELY FACE OF THE ELY WALL OF AN OLD FRAME BARN STANDING ON THE LANDS HEREIN DESCRIBED IN MAY, 1922 AND ALONG THE WLY FACE OF THE WLY WALL OF A FRAME SHED STANDING IN MAY, 1922 ON THE LANDS IMMEDIATELY TO THE E OF THE LANDS HEREIN DESCRIBED AND ALONG THE LINE OF THE FENCE RUNNING NLY THEREFROM AND CONTINUING THENCE NLY IN A STRAIGHT LINE TO A POINT IN THE PRODUCTION SLY OF THE WESTERN FACE OF THE WLY WALL OF THE MAIN PT OF THE STORE BUILDING STANDING IN MAY, 1922 UPON THE LAND IMMEDIATELY TO THE E OF THE LANDS HEREIN DESCRIBED, WHICH POINT IS DISTANT THREE FT (3') MEASURED SLY ALONG THE SAID PRODUCTION FROM THE S WLY ANGLE OF THE SAID MAIN PT OF THE SAID STORE BUILDING, THE SAID POINT BEING DISTANT ALSO NINETY-FOUR FT SEVEN INCHES (94' 7") MORE OR LESS NLY FROM THE SLY LIMIT OF THE SAID LT G; THENCE WLY AND PARALLEL TO THE SLY LIMIT OF QUEEN ST E TWO FT (2'); THENCE NLY TO AND ALONG THE LINE DRAWN PARALLEL TO THE SAID WLY FACE OF THE WLY WALL OF THE SAID MAIN PT OF THE SAID STORE BUILDING AND DISTANT TWO FT (2') WLY THEREFROM AND ALONG THE NLY PRODUCTION OF THE SAME, IN ALL A DISTANCE OF THIRTY-SEVEN FT FIVE INCHES (37' 5") TO THE SLY LIMIT OF QUEEN ST E AFORESAID; THENCE WLY ALONG THE LAST MENTIONED LIMIT SEVENTY-FIVE FT (75') MORE OR LESS TO THE POC EXCEPT PT 3, R3025; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		
<b>PIN</b>	21055 - 0068 LT	<b>Interest/Estate</b>	Fee Simple
<b>Description</b>	PCL G-1 SEC M204; PT LT G PL M204 TORONTO; PT LT H PL M204 TORONTO PARTS 1 AND 3, R3025; TORONTO, CITY OF TORONTO		
<b>Address</b>	TORONTO		



**Properties**

**PIN** 21055 - 0069 LT **Interest/Estate** Fee Simple

**Description** PCL H-1 SEC M204; PT LT H S/S QUEEN ST EAST PL M204 TORONTO COMM AT A POINT IN THE SLY LIMIT OF QUEEN ST E WHERE THE SAME WOULD BE INTERSECTED BY THE PRODUCTION NLY OF THE CENTRE LINE OF PARTITION WALL BTN THE MAIN PARTS OF THE BRICK STORE BUILDINGS STANDING IN MAY 1922 UPON THE SAID LT AND LANDS IMMEDIATELY TO THE W THEREOF, THE SAID POINT BEING DISTANT 20 FT 7 INCHES MEASURED WLY ALONG THE SAID LIMIT OF QUEEN ST E FROM THE WLY LIMIT OF LOGAN AV (FORMERLY CALLED BLONG ST); THENCE SLY TO AND ALONG THE SAID CENTRE LINE OF WALL IN ALL A DISTANCE OF 33 FT 9 INCHES TO AN ANGLE IN THE SAME; THENCE ELY ALONG THE CENTRE LINE OF PARTITION WALL BTN THE AFORESAID BUILDINGS AND ON A COURSE ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E 3 FT TO THE CENTRE LINE OF PARTITION WALL BTN THE REAR PARTS OF THE AFORESAID STORE BUILDINGS; THENCE SLY ALONG THE LAST MENTIONED CENTRE LINE OF WALL 28 FT 10 1/2 INCHES TO A POINT IN THE SLY FACE OF THE SLY WALL OF THE SAID REAR PARTS OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 5 3/4 INCHES MEASURED WLY ON A COURSE PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY IN A STRAIGHT LINE 8 FT 1 1/2 INCHES TO A POINT IN THE SLY FACE OF THE SLY WALL OF THE FRAME EXTENSIONS OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 11 1/2 INCHES MEASURED WLY ON A COURSE PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY ALONG THE LINE OF FENCE DIVIDING IN PT THE REAR PREMISES OF THE SAID STORE BUILDINGS 28 FT 8 INCHES TO A POINT IN THE NLY FACE OF THE NLY WALL OF CERTAIN FRAME SHEDS STANDING AT THE DATE THEREINBEFORE LAST MENTIONED UPON THE REAR PREMISES OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 2 1/2 INCHES MEASURED WLY ON A COURSE ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY ALONG THE CENTRE LINE OF PARTITION BTN THE SAID SHEDS, 10 FT 3 INCHES TO THE SLY FACE OF THE SAID SHEDS; THENCE WLY ALONG THE SAID SLY FACE OF SHEDS, BEING ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E, 2 FT 9 1/2 INCHES; THENCE SLY ALONG THE CENTRE LINE OF PARTITION WALL IN AN OLD FRAME BUILDING STANDING AT THE DATE THEREINBEFORE LAST MENTIONED, UPON THE REAR PREMISES OF THE SAID STORE BUILDINGS, AND CONTINUING THENCE SLY PARALLEL TO THE SAID LIMIT OF LOGAN AV, IN ALL A DISTANCE OF 24 FT 6 INCHES TO A POINT IN THE NLY LIMIT OF THE LANE IN THE SAID LT, WHICH POINT IS DISTANT 19 FT 10-3/4 INCHES, MEASURED WLY THEREON FROM THE SAID LIMIT OF LOGAN AV; THENCE ELY ALONG THE SAID LIMIT OF LANE 19 FT 10-3/4 INCHES TO THE WLY LIMIT OF LOGAN AV; THENCE NLY ALONG THE SAID LIMIT OF LOGAN AV 132 FT TO THE SLY LIMIT OF QUEEN ST E AFORESAID; THENCE WLY ALONG THE LAST MENTIONED LIMIT 20 FT 7 INCHES, MORE OR LESS, TO THE POC; TORONTO, CITY OF TORONTO

**Address** TORONTO

**Consideration**

**Consideration** \$ 10.00

**Party From(s)**

**Name** RED DOOR DEVELOPMENTS INC.  
**Address for Service** 30 Hazelton Ave.  
 Toronto, ON M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

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

**Name** RED DOOR LANDS LTD.  
**Address for Service** 30 Hazelton Ave.  
 Toronto, ON M5R 2E2

I, Norma Walton, President, have the authority to bind the corporation.

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

Party To(s)	Capacity	Share
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Name TRINITY URBAN PROPERTIES INC.  
Address for Service 359 Kent St., Suite 400  
Ottawa, ON K2P 0R6

Statements
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The agreement is dated 2012/07/06 and the option expires 2014/07/06

The applicant is prepared to produce the document for inspection within fourteen (14) days of the request and the applicant consents to the cancellation of the document on presentation of proof satisfactory to the Land Registrar that the document was not produced upon request.

Provision for renewal or extension, None

Signed By
-----------

Jeffrey Brian Goldenberg Suite 1200, 95 Wellington St. West, acting for Signed 2012 07 06  
TD Centre  
Toronto  
Party From(s)  
M5J 2Z9

Tel 4168649700

Fax 4169418852

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

Submitted By
--------------

FOGLER, RUBINOFF LLP Suite 1200, 95 Wellington St. West, 2012 07 06  
TD Centre  
Toronto  
Party From(s)  
M5J 2Z9

Tel 4168649700

Fax 4169418852

Fees/Taxes/Payment
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Statutory Registration Fee	\$60.00
Provincial Land Transfer Tax	\$0.00
Municipal Land Transfer Tax	\$0.00
Total Paid	\$60.00

File Number
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Party To Client File Number : 115381

In the matter of the conveyance of: 21055 - 0064 PCL A-1 SEC M204; LT A PL M204 TORONTO; TORONTO, CITY OF TORONTO

21055 - 0065 PCL B-1 SEC M204; LT B S/S QUEEN ST EAST PL M204 TORONTO; LT C S/S QUEEN ST EAST PL M204 TORONTO; LT D S/S QUEEN ST EAST PL M204 TORONTO; PT LT E S/S QUEEN ST EAST PL M204 TORONTO COMM AT THE N WLY ANGLE OF SAID LT B; THENCE ELY ALONG THE NLY LIMITS OF SAID LOTS B, C, D AND E, BEING ALONG THE SLY LIMIT OF QUEEN ST E, 97 FT 7 1/4 INCHES, MORE OR LESS, TO A POINT IN THE NLY LIMIT OF SAID LT E DISTANT 22 FT 9 1/4 INCHES MEASURED WLY THEREON FROM THE N ELY ANGLE THEREOF; THENCE SLY IN A STRAIGHT LINE 132 FT, MORE OR LESS, TO A POINT IN THE SLY LIMIT OF SAID LT E DISTANT 22 FT 9 1/4 INCHES MEASURED WLY THEREON FROM THE S ELY ANGLE OF SAID LT E; THENCE WLY ALONG THE SLY LIMITS OF SAID LOTS E, D, C AND B, 97 FT 7 1/4 INCHES, MORE OR LESS, TO THE S WLY ANGLE OF SAID LT B; THENCE NLY ALONG THE WLY LIMIT OF SAID LT B, 132 FT, MORE OR LESS, TO THE POC; TORONTO, CITY OF TORONTO

21055 - 0066 PCL G-2 SEC M204; PT LT G PL M204 TORONTO; PT LT H PL M204 TORONTO PT 2, R3025; TORONTO, CITY OF TORONTO

21055 - 0067 PCL 3215 SEC P, TORONTO; PT LT E PL M204 TORONTO; PT LT F PL M204 TORONTO; PT LT G PL M204 TORONTO COMM AT A POINT IN THE SLY LIMIT OF QUEEN ST E DISTANT TWENTY-TWO FT NINE AND ONE-QUARTER INCHES (22' 9 1/4") MEASURED WLY THEREON FROM THE N ELY ANGLE OF THE SAID LT E; THENCE SLY IN A STRAIGHT LINE ONE HUNDRED AND THIRTY-TWO FT (132') MORE OR LESS TO A POINT IN THE SLY LIMIT OF SAID LT DISTANT TWENTY-TWO FT NINE AND ONE-HALF INCHES (22' 9 1/4") MEASURED WLY THEREON FROM THE SE ANGLE OF THE SAID LT; THENCE ELY ALONG THE SLY LIMIT OF SAID LOTS E, F, AND G A DISTANCE OF SEVENTY-EIGHT FT FIVE AND ONE-HALF INCHES (78' 5 1/2") MORE OR LESS TO A POINT DISTANT THIRTY-FIVE FT NINE AND ONE-QUARTER INCHES (35' 9 1/4") MEASURED WLY THEREON FROM THE WLY LIMIT OF LOGAN AV; THENCE NLY TO AND ALONG THE ELY FACE OF THE ELY WALL OF AN OLD FRAME BARN STANDING ON THE LANDS HEREIN DESCRIBED IN MAY, 1922 AND ALONG THE WLY FACE OF THE WLY WALL OF A FRAME SHED STANDING IN MAY, 1922 ON THE LANDS IMMEDIATELY TO THE E OF THE LANDS HEREIN DESCRIBED AND ALONG THE LINE OF THE FENCE RUNNING NLY THEREFROM AND CONTINUING THENCE NLY IN A STRAIGHT LINE TO A POINT IN THE PRODUCTION SLY OF THE WESTERN FACE OF THE WLY WALL OF THE MAIN PT OF THE STORE BUILDING STANDING IN MAY, 1922 UPON THE LAND IMMEDIATELY TO THE E OF THE LANDS HEREIN DESCRIBED, WHICH POINT IS DISTANT THREE FT (3') MEASURED SLY ALONG THE SAID PRODUCTION FROM THE S WLY ANGLE OF THE SAID MAIN PT OF THE SAID STORE BUILDING, THE SAID POINT BEING DISTANT ALSO NINETY-FOUR FT SEVEN INCHES (94' 7") MORE OR LESS NLY FROM THE SLY LIMIT OF THE SAID LT G; THENCE WLY AND PARALLEL TO THE SLY LIMIT OF QUEEN ST E TWO FT (2'); THENCE NLY TO AND ALONG THE LINE DRAWN PARALLEL TO THE SAID WLY FACE OF THE WLY WALL OF THE SAID MAIN PT OF THE SAID STORE BUILDING AND DISTANT TWO FT (2') WLY THEREFROM AND ALONG THE NLY PRODUCTION OF THE SAME, IN ALL A DISTANCE OF THIRTY-SEVEN FT FIVE INCHES (37' 5") TO THE SLY LIMIT OF QUEEN ST E AFORESAID; THENCE WLY ALONG THE LAST MENTIONED LIMIT SEVENTY-FIVE FT (75') MORE OR LESS TO THE POC EXCEPT PT 3, R3025; TORONTO, CITY OF TORONTO

21055 - 0068 PCL G-1 SEC M204; PT LT G PL M204 TORONTO; PT LT H PL M204 TORONTO PARTS 1 AND 3, R3025; TORONTO, CITY OF TORONTO

21055 - 0089 PCL H-1 SEC M204; PT LT H S/S QUEEN ST EAST PL M204 TORONTO COMM AT A POINT IN THE SLY LIMIT OF QUEEN ST E WHERE THE SAME WOULD BE INTERSECTED BY THE PRODUCTION NLY OF THE CENTRE LINE OF PARTITION WALL BTN THE MAIN PARTS OF THE BRICK STORE BUILDINGS STANDING IN MAY 1922 UPON THE SAID LT AND LANDS IMMEDIATELY TO THE W THEREOF, THE SAID POINT BEING DISTANT 20 FT 7 INCHES MEASURED WLY ALONG THE SAID LIMIT OF QUEEN ST E FROM THE WLY LIMIT OF LOGAN AV (FORMERLY CALLED BLONG ST); THENCE SLY TO AND ALONG THE SAID CENTRE LINE OF WALL IN ALL A DISTANCE OF 33 FT 9 INCHES TO AN ANGLE IN THE SAME; THENCE ELY ALONG THE CENTRE LINE OF PARTITION WALL BTN THE AFORESAID BUILDINGS AND ON A COURSE ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E 3 FT TO THE CENTRE LINE OF PARTITION WALL BTN THE REAR PARTS OF THE AFORESAID STORE BUILDINGS; THENCE SLY ALONG THE LAST MENTIONED CENTRE LINE OF WALL 28 FT 10 1/2 INCHES TO A POINT IN THE SLY FACE OF THE SLY WALL OF THE SAID REAR PARTS OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 5 3/4 INCHES MEASURED WLY ON A COURSE PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY IN A STRAIGHT LINE 8 FT 1 1/2 INCHES TO A POINT IN THE SLY FACE OF THE SLY WALL OF THE FRAME EXTENSIONS OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 11 1/2 INCHES MEASURED WLY ON A COURSE PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY ALONG THE LINE OF FENCE DIVIDING IN PT THE REAR PREMISES OF THE SAID STORE BUILDINGS 26 FT 6 INCHES TO A POINT IN THE NLY FACE OF THE NLY WALL OF CERTAIN FRAME SHEDS STANDING AT THE DATE THEREINBEFORE LAST MENTIONED UPON THE REAR PREMISES OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 2 1/2 INCHES MEASURED WLY ON A COURSE ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY ALONG THE CENTRE LINE OF PARTITION BTN THE SAID SHEDS, 10 FT 3 INCHES TO THE SLY FACE OF THE SAID SHEDS; THENCE WLY ALONG THE SAID SLY FACE OF SHEDS, BEING ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E, 2 FT 9 1/2 INCHES; THENCE SLY ALONG THE CENTRE LINE OF PARTITION WALL IN AN OLD FRAME BUILDING STANDING AT THE DATE THEREINBEFORE LAST MENTIONED, UPON THE REAR PREMISES OF THE SAID STORE BUILDINGS, AND CONTINUING THENCE SLY PARALLEL TO THE SAID LIMIT OF LOGAN AV, IN ALL A DISTANCE OF 24 FT 6 INCHES TO A POINT IN THE NLY LIMIT OF THE LANE IN THE SAID LT, WHICH POINT IS DISTANT 19 FT 10-3/4 INCHES, MEASURED WLY THEREON FROM THE SAID LIMIT OF LOGAN AV; THENCE ELY ALONG THE SAID LIMIT OF LANE 19 FT 10-3/4 INCHES TO THE WLY LIMIT OF LOGAN AV; THENCE NLY ALONG THE SAID LIMIT OF LOGAN AV 132 FT TO THE SLY LIMIT OF QUEEN ST E AFORESAID; THENCE WLY ALONG THE LAST MENTIONED LIMIT 20 FT 7 INCHES, MORE OR LESS, TO THE POC; TORONTO, CITY OF TORONTO

BY: RED DOOR DEVELOPMENTS INC.  
RED DOOR LANDS LTD.  
TO: TRINITY URBAN PROPERTIES INC.

%(all PINs)

#### 1. JOHN RUDDY

I am -

- ☐ (a) A person in trust for whom the land conveyed in the above-described conveyance is being conveyed;  
☐ (b) A trustee named in the above-described conveyance to whom the land is being conveyed;  
☐ (c) A transferee named in the above-described conveyance;  
☐ (d) The authorized agent or solicitor acting in this transaction for \_\_\_\_\_ described in paragraph(s) ( ) above.  
☒ (e) The President, Vice-President, Manager, Secretary, Director, or Treasurer authorized to act for TRINITY URBAN PROPERTIES INC. described in paragraph(s) (c) above.  
☐ (f) A transferee described in paragraph ( ) and am making these statements on my own behalf and on behalf of \_\_\_\_\_ who is my spouse described in paragraph ( ) and as such, I have personal knowledge of the facts herein deposed to.

#### 3. The total consideration for this transaction is allocated as follows:

(a) Monies paid or to be paid in cash	10.00
(b) Mortgages (i) assumed (show principal and interest to be credited against purchase price)	0.00
(ii) Given Back to Vendor	0.00
(c) Property transferred in exchange (detail below)	0.00
(d) Fair market value of the land(s)	0.00
(e) Liens, legacies, annuities and maintenance charges to which transfer is subject	0.00
(f) Other valuable consideration subject to land transfer tax (detail below)	0.00
(g) Value of land, building, fixtures and goodwill subject to land transfer tax (total of (a) to (f))	10.00
(h) VALUE OF ALL CHATTELS - Items of tangible personal property	0.00
(i) Other considerations for transaction not included in (g) or (h) above	0.00
(j) Total consideration	10.00

#### 4.

Explanation for nominal considerations:

s) other: Option to Purchase for nominal consideration

#### 5. The land is not subject to an encumbrance

# PROVINCIAL AND MUNICIPAL LAND TRANSFER TAX STATEMENTS

41

## 7. Statement pertaining only to Municipal Land Transfer Tax:

Explanation: Option to Purchase for nominal consideration

### PROPERTY Information Record

A. Nature of Instrument: Notice Of Option To Purchase  
LRO 80 Registration No. AT3067871 Date: 2012/07/08

B. Property(s):

PIN 21055 - 0064	Address	TORONTO	Assessment Roll No	1904071 - 16003400
PIN 21055 - 0065	Address	TORONTO	Assessment Roll No	1904071 - 16003400
PIN 21055 - 0066	Address	TORONTO	Assessment Roll No	1904071 - 16003400
PIN 21055 - 0067	Address	TORONTO	Assessment Roll No	1904071 - 16003400
PIN 21055 - 0068	Address	TORONTO	Assessment Roll No	
PIN 21055 - 0069	Address	TORONTO	Assessment Roll No	

C. Address for Service: 359 Kent St., Suite 400  
Ottawa, ON K2P 0R6

D. (i) Last Conveyance(s):

PIN 21055 - 0064	Registration No.	AT1976169
PIN 21055 - 0065	Registration No.	AT1976169
PIN 21055 - 0066	Registration No.	AT1976169
PIN 21055 - 0067	Registration No.	AT1976169
PIN 21055 - 0068	Registration No.	AT3067748
PIN 21055 - 0069	Registration No.	AT3067748

(ii) Legal Description for Property Conveyed : Same as in last conveyance? Yes ☒ No ☐ Not known ☐

E. Tax Statements Prepared By: Jeffrey Brian Goldenberg  
Suite 1200, 95 Wellington  
St. West, TD Centre  
Toronto M5J 2Z9

C

This is Exhibit "C" referred to in the Affidavit of Leneo Sdao sworn January 8, 2014.

A handwritten signature in blue ink, appearing to read "Verin Duke", is written over a horizontal line.

*Commissioner for Taking Affidavits (or as may be)*



Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND

REGISTRY  
OFFICE #66

21055-0064 (LT)

PAGE 1 OF 1

PREPARED FOR Vivienne

ON 2013/12/09 AT 11:34:28

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

PROPERTY DESCRIPTION:

PCL A-1 SEC M204; LT A PL M204 TORONTO; TORONTO, CITY OF TORONTO

875 Queen St. E

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

ABSOLUTE

RECENTLY:

FIRST CONVERSION FROM BOOK

OWNERS' NAMES

RED DOOR DEVELOPMENTS INC.

CAPACITY SHARE

PIN CREATION DATE:

2001/02/19

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
668A2315	1987/02/03	PLAN BOUNDRIES ACT REMARKS: D898, C353968				C
AT3067869	2012/07/06	TRANS RELIGIOUS ORG REMARKS: PLANNING ACT STATEMENTS	\$4,250,000	THE UNITED CHURCH OF CANADA	RED DOOR DEVELOPMENTS INC.	C
AT3067870	2012/07/06	CHARGE	\$7,000,000	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	RIOCAN MORTGAGE CORP.	C
AT3067871	2012/07/06	NO OPTION PURCHASE	\$10	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	TRINITY URBAN PROPERTIES INC.	C
REMARKS: OPTIONS EXPIRES 2014/07/06						





Ontario ServiceOntario

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND  
REGISTRY  
OFFICE #66

21055-0065 (LT)

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

PAGE 1 OF 1  
PREPARED FOR Vivienne  
ON 2013/12/09 AT 11:35:20

PROPERTY DESCRIPTION:

PCL B-1 SEC M204; LT B S/S QUEEN ST EAST PL M204 TORONTO; LT C S/S QUEEN ST EAST PL M204 TORONTO; LT D S/S QUEEN ST EAST PL M204 TORONTO; FT LT E S/S QUEEN ST EAST PL M204 TORONTO COMM AT THE N WLY ANGLE OF SAID LT B; THENCE ELY ALONG THE NLY LIMITS OF SAID LOTS B, C, D AND E, BEING ALONG THE SLY LIMIT OF QUEEN ST E, 97 FT 7 1/4 INCHES, MORE OR LESS, TO A POINT IN THE NLY LIMIT OF SAID LT E DISTANT 22 FT 9 1/4 INCHES MEASURED WLY THEREON FROM THE N ELY ANGLE THEREOF; THENCE SLY IN A STRAIGHT LINE 132 FT, MORE OR LESS, TO A POINT IN THE SLY LIMIT OF SAID LT E DISTANT 22 FT 9 1/4 INCHES MEASURED WLY THEREON FROM THE S ELY ANGLE OF SAID LT E; THENCE WLY ALONG THE SLY LIMITS OF SAID LOTS E, D, C AND B, 97 FT 7 1/4 INCHES, MORE OR LESS, TO THE S WLY ANGLE OF SAID LT B; THENCE NLY ALONG THE WLY LIMIT OF SAID LT B, 132 FT, MORE OR LESS, TO THE POC; TORONTO, CITY OF TORONTO

PROPERTY REMARKS:  
ESTATE/QUALIFIER:  
FEE SIMPLE  
ABSOLUTE

RECENTLY:  
FIRST CONVERSION FROM BOOK

CAPACITY SHARE

OWNERS' NAMES:  
RED DOOR DEVELOPMENTS INC.

875 Queen St. E.

FIN CREATION DATE:  
2001/02/19

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
66BA2315	1987/02/03	PLAN BOUNDRIES ACT REMARKS: D898, C353968				C
AT3067869	2012/07/06	TRANS RLIGIOUS ORG REMARKS: PLANNING ACT STATEMENTS	\$4,250,000	THE UNITED CHURCH OF CANADA	RED DOOR DEVELOPMENTS INC.	C
AT3067870	2012/07/06	CHARGE	\$7,000,000	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	RIOCAN MORTGAGE CORP.	C
AT3067871	2012/07/06	NO OPTION PURCHASE	\$10	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	TRINITY URBAN PROPERTIES INC.	C
REMARKS: OPTIONS EXPIRES 2014/07/06						

21055-0066 (LT)

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

PROPERTY DESCRIPTION: PCL G-2 SEC M204; PT LT G PL M204 TORONTO; PT LT H PL M204 TORONTO PT 2, R3025; TORONTO, CITY OF TORONTO

PROPERTY REMARKS:  
ESTATE/QUALIFIER:  
FEE SIMPLE  
ABSOLUTE  
OWNERS' NAMES  
RED DOOR DEVELOPMENTS INC.  
RECENTLY:  
FIRST CONVERSION FROM BOOK  
CAPACITY SHARE  
875 Queen St. E.  
PIN CREATION DATE:  
2001/02/19

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
R3025	1966/10/14	PLAN REFERENCE				C
AT3067869	2012/07/06	TRANS RELIGIOUS ORG REMARKS: PLANNING ACT STATEMENTS	\$4,250,000	THE UNITED CHURCH OF CANADA	RED DOOR DEVELOPMENTS INC.	C
AT3067870	2012/07/06	CHARGE	\$7,000,000	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	RIOCAN MORTGAGE CORP.	C
AT3067871	2012/07/06	NO OPTION PURCHASE	\$10	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	TRINITY URBAN PROPERTIES INC.	C
REMARKS: OPTIONS EXPIRES 2014/07/06						



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REGISTRY  
OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 1  
PREPARED FOR Vivienne  
ON 2013/12/09 AT 11:36:13

21055-0067 (LT)

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

PROPERTY DESCRIPTION:

PCL 3215 SEC P. TORONTO; PT LT E PL M204 TORONTO; PT LT F PL M204 TORONTO; PT LT G PL M204 TORONTO COMM AT A POINT IN THE SLY LIMIT OF QUEEN ST E DISTANT TWENTY-TWO FT NINE AND ONE-QUARTER INCHES (22' 9 1/4") MEASURED WLY THEREON FROM THE N ELY ANGLE OF THE SAID LT E; THENCE SLY IN A STRAIGHT LINE ONE HUNDRED AND THIRTY-TWO FT (132') MORE OR LESS TO A POINT IN THE SLY LIMIT OF SAID LT DISTANT TWENTY-TWO FT NINE AND ONE-HALF INCHES (22' 9 1/4") MEASURED WLY THEREON FROM THE SE ANGLE OF THE SAID LT; THENCE ELY ALONG THE SLY LIMIT OF SAID LOTS E, F, AND G A DISTANCE OF SEVENTY-EIGHT FT FIVE AND ONE-HALF INCHES (78' 5 1/2") MORE OR LESS TO A POINT DISTANT THIRTY-FIVE FT NINE AND ONE-QUARTER INCHES (35' 9 1/4") MEASURED WLY THEREON FROM THE WLY LIMIT OF LOGAN AV; THENCE NLY TO AND ALONG THE ELY WALL OF THE ELY WALL OF AN OLD FRAME BARN STANDING ON THE LANDS HEREIN DESCRIBED IN MAY, 1922 AND ALONG THE WLY WALL OF A FRAME SHED STANDING IN MAY, 1922 ON THE LANDS IMMEDIATELY TO THE E OF THE LANDS HEREIN DESCRIBED AND ALONG THE LINE OF THE FENCE RUNNING NLY THEREFROM AND CONTINUING THENCE NLY IN A STRAIGHT LINE TO A POINT IN THE PRODUCTION SLY OF THE WESTERN FACE OF THE WLY WALL OF THE MAIN PT OF THE STORE BUILDING STANDING IN MAY, 1922 UPON THE LAND IMMEDIATELY TO THE E OF THE LANDS HEREIN DESCRIBED, WHICH POINT IS DISTANT THREE FT (3') MEASURED SLY ALONG THE SAID PRODUCTION FROM THE S WLY ANGLE OF THE SAID MAIN PT OF THE SAID STORE BUILDING, THE SAID POINT BEING DISTANT ALSO NINETY-FOUR FT SEVEN INCHES (94' 7") MORE OR LESS NLY FROM THE SLY LIMIT OF THE SAID LT G; THENCE WLY AND PARALLEL TO THE SLY LIMIT OF QUEEN ST E TWO FT (2'); THENCE NLY TO AND ALONG THE LINE DRAWN PARALLEL TO THE SAID WLY FACE OF THE WLY WALL OF THE SAID MAIN PT OF THE SAID STORE BUILDING AND DISTANT TWO FT (2') WLY THEREFROM AND ALONG THE NLY PRODUCTION OF THE SAME, IN ALL A DISTANCE OF THIRTY-SEVEN FT FIVE INCHES (37' 5") TO THE SLY LIMIT OF QUEEN ST E AFORESAID; THENCE WLY ALONG THE LAST MENTIONED LIMIT SEVENTY-FIVE FT (75') MORE OR LESS TO THE POC EXCEPT PT 3, R3025; TORONTO, CITY OF TORONTO

PROPERTY REMARKS:

ESTATE/QUALIFIER:  
FEE SIMPLE  
ABSOLUTE

OWNERS' NAMES

RED DOOR DEVELOPMENTS INC.

RECENTLY:

FIRST CONVERSION FROM BOOK

CAPACITY SHARE

PIN CREATION DATE:

2001/02/19

875 Queen St. E.

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
AT3067869	2012/07/06	TRANS RELIGIOUS ORG REMARKS: PLANNING ACT STATEMENTS	\$4,250,000	THE UNITED CHURCH OF CANADA	RED DOOR DEVELOPMENTS INC.	C
AT3067870	2012/07/06	CHARGE	\$7,000,000	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	RIOCAN MORTGAGE CORP.	C
AT3067871	2012/07/06	NO OPTION PURCHASE	\$10	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	TRINITY URBAN PROPERTIES INC.	C
REMARKS: OPTIONS EXPIRES 2014/07/06						

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.



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REGISTRY  
OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

21055-0068 (LT)

PAGE 1 OF 1  
PREPARED FOR Vivienne  
ON 2013/12/09 AT 11:36:36

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

PROPERTY DESCRIPTION: PCL G-1 SEC M204; PT LT G PL M204 TORONTO; PT LT H PL M204 TORONTO PARTS 1 AND 3, R3025, TORONTO, CITY OF TORONTO

PROPERTY REMARKS:

ESTATE/QUALIFIER:  
FEE SIMPLE  
ABSOLUTE

RECENTLY:  
FIRST CONVERSION FROM BOOK

EIN CREATION DATE:  
2001/02/19

887 Queen St. E

OWNERS' NAMES

RED DOOR LANDS LTD.

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
R3025	1966/10/14	PLAN REFERENCE				C
66BA2315	1987/02/03	PLAN BOUNDARIES ACT REMARKS: D898, C353968				C
AT3067748	2012/07/06	TRANSFER REMARKS: PLANNING ACT STATEMENTS	\$2,400,000	WOODGREEN MANAGEMENT INC.	RED DOOR LANDS LTD.	C
AT3067749	2012/07/06	CHARGE	\$1,200,000	RED DOOR LANDS LTD.	WOODGREEN MANAGEMENT INC.	C
AT3067870	2012/07/06	CHARGE	\$7,000,000	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	RIOCAN MORTGAGE CORP.	C
AT3067871	2012/07/06	NO OPTION PURCHASE REMARKS: OPTIONS EXPIRES 2014/07/06	\$10	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	TRINITY URBAN PROPERTIES INC.	C



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LAND

REGISTRY

OFFICE #66

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

PAGE 1 OF 1

PREPARED FOR Vivienne

ON 2013/12/09 AT 11:37:03

21055-0069 (LT)

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

PROPERTY DESCRIPTION:

PCL H-1 SEC M204; PT LT H S/S QUEEN ST EAST PL M204 TORONTO COMM AT A POINT IN THE SLY LIMIT OF QUEEN ST E WHERE THE SAME WOULD BE INTERSECTED BY THE PRODUCTION NLY OF THE CENTRE LINE OF PARTITION WALL BTN THE MAIN PARTS OF THE BRICK STORE BUILDINGS STANDING IN MAY 1922 UPON THE SAID LT AND LANDS IMMEDIATELY TO THE W THEREOF, THE SAID POINT BEING DISTANT 20 FT 7 INCHES MEASURED WLY ALONG THE SAID LIMIT OF QUEEN ST E FROM THE WLY LIMIT OF LOGAN AV (FORMERLY CALLED BLOOM ST); THENCE SLY TO AND ALONG THE SAID CENTRE LINE OF WALL IN ALL A DISTANCE OF 33 FT 9 INCHES TO AN ANGLE IN THE SAME; THENCE ELY ALONG THE CENTRE LINE OF PARTITION WALL BTN THE AFORESAID BUILDINGS AND ON A COURSE ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E 3 FT TO THE CENTRE LINE OF PARTITION WALL BTN THE REAR PARTS OF THE AFORESAID STORE BUILDINGS; THENCE SLY ALONG THE LAST MENTIONED CENTRE LINE OF WALL 28 FT 10 1/2 INCHES TO A POINT IN THE SLY FACE OF THE SAID REAR PARTS OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 5 3/4 INCHES MEASURED WLY ON A COURSE PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY IN A STRAIGHT LINE 8 FT 1 1/2 INCHES TO A POINT IN THE SLY FACE OF THE SLY WALL OF THE FRAME EXTENSIONS OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 11 1/2 INCHES MEASURED WLY ON A COURSE PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY ALONG THE LINE OF FENCE DIVIDING IN PT THE REAR PREMISES OF THE SAID STORE BUILDINGS 26 FT 6 INCHES TO A POINT IN THE NLY FACE OF THE NLY WALL OF CERTAIN FRAME SHEDS STANDING AT THE DATE THEREINBEFORE LAST MENTIONED UPON THE REAR PREMISES OF THE SAID STORE BUILDINGS, WHICH POINT IS DISTANT 17 FT 2 1/2 INCHES MEASURED WLY ON A COURSE ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E FROM THE SAID LIMIT OF LOGAN AV; THENCE SLY ALONG THE CENTRE LINE OF PARTITION BTN THE SAID SHEDS, 10 FT 3 INCHES TO THE SLY FACE OF THE SAID SHEDS; THENCE WLY ALONG THE SAID SLY FACE OF SHEDS, BEING ABOUT PARALLEL TO THE SAID LIMIT OF QUEEN ST E, 2 FT 9 1/2 INCHES; THENCE SLY ALONG THE CENTRE LINE OF PARTITION WALL IN AN OLD FRAME BUILDING STANDING AT THE DATE THEREINBEFORE LAST MENTIONED, UPON THE REAR PREMISES OF THE SAID STORE BUILDINGS, AND CONTINUING THENCE SLY PARALLEL TO THE SAID LIMIT OF LOGAN AV, IN ALL A DISTANCE OF 24 FT 6 INCHES TO A POINT IN THE NLY LIMIT OF THE LANE IN THE SAID LT, WHICH POINT IS DISTANT 19 FT 10-3/4 INCHES, MEASURED WLY THEREON FROM THE SAID LIMIT OF LOGAN AV; THENCE ELY ALONG THE SAID LIMIT OF LANE 19 FT 10-3/4 INCHES TO THE WLY LIMIT OF LOGAN AV; THENCE NLY ALONG THE SAID LIMIT OF LOGAN AV 132 FT TO THE SLY LIMIT OF QUEEN ST E AFORESAID; THENCE WLY ALONG THE LAST MENTIONED LIMIT 20 FT 7 INCHES, MORE OR LESS, TO THE POC; TORONTO, CITY OF TORONTO

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE

ABSOLUTE

OWNERS' NAMES

RED DOOR LANDS LTD.

RECENTLY:

FIRST CONVERSION FROM BOOK

CAPACITY SHARE

887 Queen St. E.

PIN CREATION DATE:

2001/02/19

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES (DELETED INSTRUMENTS NOT INCLUDED) **						
66BA2315	1987/02/03	PLAN BOUNDRIES ACT REMARKS: D898, C953968				C
AT3067748	2012/07/06	TRANSFER REMARKS: PLANNING ACT STATEMENTS	\$2,400,000	WOODGREEN MANAGEMENT INC.	RED DOOR LANDS LTD.	C
AT3067749	2012/07/06	CHARGE	\$1,200,000	RED DOOR LANDS LTD.	WOODGREEN MANAGEMENT INC.	C
AT3067870	2012/07/06	CHARGE	\$7,000,000	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	RIOCAN MORTGAGE CORP.	C
AT3067871	2012/07/06	NO OPTION PURCHASE	\$10	RED DOOR DEVELOPMENTS INC. RED DOOR LANDS LTD.	TRINITY URBAN PROPERTIES INC.	C
REMARKS: OPTIONS EXPIRES 2014/07/06						

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.

D

This is Exhibit "D" referred to in the Affidavit of Leneo Sdao sworn January 8, 2014.

A handwritten signature in blue ink, appearing to read "Jean Delle", is written over a horizontal line.

*Commissioner for Taking Affidavits (or as may be)*

# **LOAN AGREEMENT**

**by and among**

**RED DOOR DEVELOPMENTS INC.  
and RED DOOR LANDS LTD.**

**as Borrower,**

**and**

**RON WALTON and NORMA WALTON**

**as Guarantor**

**and**

**RIOCAN MANAGEMENT INC.**

**as Lender**

**July 6, 2012**



## Loan Agreement

**THIS LOAN AGREEMENT** (this "Agreement") is made as of the 6th day of July, 2012, by Red Door Developments Inc. ("RDDI") and Red Door Lands Ltd. ("RDLL") (collectively, "Borrower") and Ron Walton and Norma Walton (collectively, "Guarantor") and RioCan Management Inc. ("Lender").

Borrower has requested, from the Lender, a loan for the purpose of financing the acquisition of 875 Queen by RDDI and 887 Queen by RDLL which properties will be mortgaged as security for the loan. Lender has agreed to make a loan on the terms and conditions set forth in this Agreement and in the other documents evidencing and securing the loan.

Now, therefore, in consideration of the premises, and in further consideration of the mutual covenants and agreements herein set forth, the parties covenant and agree as follows:

### Agreements

#### **ARTICLE 1** **GENERAL INFORMATION.**

##### **1.1 Conditions to Closing.**

The conditions precedent to closing the Loan and registering the Mortgage are set forth in this Agreement.

##### **1.2 Schedules and Exhibits.**

The Schedules and Exhibits attached to this Agreement are incorporated herein and made a part hereof.

##### **1.3 Defined Terms.**

Capitalized terms in this Agreement shall have the meanings ascribed to such terms in the Preamble hereto and in Schedule 1.

##### **1.4 Security**

The Obligations shall be secured by the following documents, each to be in form, scope and substance satisfactory to Lender and its legal counsel:

- (a) a \$7,000,000.00 Mortgage/Charge of Land in respect of 875 Queen (as a first charge) and in respect of 887 Queen (as a second charge, subsequent in priority only to the VTB Mortgage);
- (b) a General Security Agreement from RDDI;

- (c) a General Security Agreement from RDLL;
- (d) an Assignment of All Risk and Liability insurance on the Property with the Lender additionally insured and named as first loss payee;
- (e) an Environmental Indemnity Agreement from Borrower and Guarantor;
- (f) a Guarantee and Postponement of Claim from Guarantor;
- (g) Title Insurance; and
- (h) Corporate Resolutions and Solicitor's Letters of Opinion.

## **ARTICLE 2**

### **TERMS OF THE LOAN.**

#### **2.1 The Loan.**

Borrower agrees to borrow the Loan Amount from Lender, and Lender agrees to lend the Loan to Borrower, subject to the terms and conditions herein set forth, in an amount not to exceed the Loan Amount. Interest at the rate of 6% per annum, compounded quarter yearly, shall accrue and be payable in arrears on the Maturity Date or the Maturity Date as extended under Section 2.4, as the case may be, only on sums advanced hereunder for the period of time outstanding. The Loan is not a revolving loan and amounts repaid may not be re-borrowed. The Borrower may prepay the whole or any part of the principal outstanding under the Loan at any time or times without notice, bonus or penalty.

#### **2.2 Guarantee.**

Ron and Norma Walton will personally guarantee the loan and all obligations hereunder on a joint and several basis. The Lender shall not register any financing statements under the *Personal Property Security Act* against the Guarantor or either of them with respect to any Loan Document.

#### **2.3 Advances.**

Subject to the terms and conditions of this Agreement and provided there is no default hereunder, the Loan Amount shall be advanced as follows:

- (a) The sum of \$1,200,000.00 on July 6, 2012, concurrent with the purchase of 887 Queen to be applied to the purchase price in respect of the said purchase;
- (b) The sum of \$4,600,000.00 on July 6, 2012, concurrent with the purchase of 875 Queen to be applied to the purchase price in respect of the said purchase;
- (c) The sum of \$400,000.00 on July 5, 2013, to be applied by the Borrower as a principal payment under the VTB Mortgage;

- (d) The sum of \$400,000.00 on the earlier of (i) July 5, 2014; and (ii) the closing of the Retail Portion Purchase, to be applied by the Borrower as a principal payment under the VTB Mortgage, provided that (A) the Maturity Date has been extended in accordance with Section 2.4 hereof, and (B) the Borrower has not exercised its prepayment privileges and repaid the Loan Amount in full, and (C) the full purchase price under the Retail Portion Purchase has not been paid in full; and
- (e) The sum of \$400,000.00 on the earlier of (i) July 5, 2015; and (ii) the closing of the Retail Portion Purchase, to be applied by the Borrower as a principal payment under the VTB Mortgage, provided that (A) the Maturity Date has been extended in accordance with Section 2.4 hereof, and (B) the Borrower has not exercised its prepayment privileges and repaid the Loan Amount in full, and (C) the full purchase price under the Retail Portion Purchase has not been paid in full.

Notwithstanding any other term or condition of this Agreement or of any Loan Document Borrower shall not be entitled to any advances of the Loan if as a result of such advance the principal amount outstanding would be in excess of the Loan Amount.

#### 2.4 **Maturity Date and Repayment.**

- (a) The Loan shall be due and payable in full including all interest, fees and other amounts payable hereunder and all of the Obligations shall be satisfied on the Maturity Date.
- (b) In the event the Option is exercised, the Maturity Date shall be extended to the earlier of (i) the closing of the Retail Portion Purchase, or (ii) the termination of the Retail Portion Purchase transaction, and interest shall continue to accrue on the Loan Amount. Alternatively, should the Borrower wish to discharge the Mortgage, then upon repayment of the Loan Amount and all accrued interest thereunder (or the Borrower providing alternative security satisfactory to the Lender in its sole and absolute discretion) and upon the parties entering into a binding agreement of purchase and sale for the Retail Portion, the Mortgage shall be discharged.
- (c) If the Option is exercised and the Retail Portion comprises less than 20,000 square feet of leasable area, the Borrower shall repay to the Lender, at the time the Option is exercised, an amount on account of principal owing under the Mortgage equal to the result of the following formula:

$$20,000 - (\text{actual leaseable area of the Retail Portion}) \times 350$$

together with accrued interest on such amount.

**ARTICLE 3**  
**REPRESENTATIONS AND WARRANTIES.**

Each Credit Party makes the following representations and warranties to Lender as of the date hereof and as of the date of the advance of funds hereunder, representations made in respect of 875 Queen are made by RDDI and representations in respect of 887 Queen are made by RDLL, references to Property mean 875 Queen and/or 887 Queen as applicable:

**3.1 Organization, Power and Authority of Borrower; Loan Documents.**

Each Credit Party, as applicable, is a corporation duly established, organized, existing and in good standing under the laws of Ontario and is duly qualified to do business and in good standing in jurisdictions where the nature of its business or property requires it to be qualified to do business, and has the power, authority and legal right to own its property and carry on the business now being conducted by it and to engage in the transactions contemplated by the Loan Documents. The Loan Documents to which it is a party have been duly executed and delivered by it, and the execution and delivery of, and the carrying out of the transactions contemplated by, such Loan Documents, and the performance and observance of the terms and conditions thereof, have been duly authorized by all necessary organizational action by and on behalf of such Credit Party. The Loan Documents to which it is a party constitute its valid and legally binding obligations and are fully enforceable against it in accordance with their respective terms, except to the extent that such enforceability may be limited by laws generally affecting the enforcement of creditors' rights.

**3.2 Other Documents; Laws.**

The execution and performance of the Loan Documents to which it is a party and the consummation of the transactions contemplated thereby will not conflict with, result in any breach of, or constitute a default under, its organizational documents, or any contract, agreement, document or other instrument to which it is a party or by which it or any of its properties may be bound or affected, and such actions do not and will not violate or contravene any Law to which it is subject.

**3.3 Title**

RDDI is the registered and beneficial owner of 875 Queen and RDLL is the registered and beneficial owner of 887 Queen in each case, free and clear of all mortgages, charges, claims or liens save for the Permitted Encumbrances and each has good right and authority to mortgage, charge, assign and grant a security interest in their respective Property to Lender as security for the Loan and their respective obligations hereunder and under the Loan Documents.

**3.4 Taxes.**

It has filed all federal, provincial and municipal tax returns required to have been filed by it and has paid all Taxes which have become due pursuant to such returns or pursuant to any Tax assessments received by it.

### 3.5 **Legal Actions.**

There are no Claims or investigations by or before any court or Governmental Authority, pending, or to the best of its knowledge and belief, threatened against or affecting it or its business or the Property. It is not in default with respect to any order, writ, injunction, decree or demand of any court or any Governmental Authority affecting it or the Property.

### 3.6 **Nature of Loan.**

The Loan is being obtained solely for business or investment purposes specified herein, and will not be used for personal, family, household or agricultural purposes.

### 3.7 **Compliance with Laws and Zoning and Other Requirements; Encroachments.**

Other than as set out in Exhibit A: (i) it is in compliance with the requirements of all applicable Laws; (ii) the use of the Property complies with applicable zoning ordinances, regulations and restrictive covenants affecting the Land; (iii) all use and other requirements of any Governmental Authority having jurisdiction over the Property have been satisfied; (iv) no violation of any Law exists with respect to the Property; (v) the Improvements are constructed entirely on the Land and do not encroach upon any easement or right-of-way, or upon the land of others; and (vi) the Improvements comply with all applicable building restriction lines and set-backs, however established, and are in strict compliance with all applicable use or other restrictions and the provisions of all applicable agreements, declarations and covenants and all applicable zoning and subdivision ordinances and regulations.

### 3.8 **Certificates of Occupancy.**

All certificates of occupancy and other permits and licenses necessary or required in connection with the use and occupancy of the Improvements have been validly issued.

### 3.9 **Utilities; Roads; Access.**

All utility services necessary for the operation of the Improvements for their intended purposes have been fully installed, including telephone service, water supply, storm and sanitary sewer facilities and natural gas and electric facilities. All roads and other accesses necessary to serve the Land and Improvements have been completed, are serviceable in all weather, and where required by the appropriate Governmental Authority, have been dedicated to and formally accepted by such Governmental Authority.

### 3.10 **Other Liens.**

It has made no contract or arrangement of any kind the performance of which by the other party thereto would give rise to a lien on the Property.

### 3.11 No Defaults.

There is no Default or Event of Default under any of the Loan Documents, and to the best of its knowledge, there is no default or event of default under any material contract, agreement or other document related to the construction or operation of the Improvements.

### 3.12 Other Information.

All written information pertaining to Borrower or the Property, taken as a whole was, when furnished, complete and accurate in all material respects and did not, when furnished, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made.

### 3.13 Survival and Affirmation of Representations and Warranties.

Each receipt of funds shall constitute an affirmation that the foregoing representations and warranties of Borrower are true and correct as of the date of such receipt and, unless Lender is notified to the contrary prior to the disbursement of the advance requested, shall be so on the date of the disbursement.

## ARTICLE 4 AFFIRMATIVE COVENANTS AND AGREEMENTS.

Each Credit Party, as applicable, covenants as of the date hereof and until such time as all Obligations shall be paid and performed in full, that:

### 4.1 Compliance with Laws; Use of Proceeds.

It shall comply with all Laws and all orders, writs, injunctions, decrees and demands of any court or any Governmental Authority affecting it or the Property. It shall use all proceeds of the Loan for business purposes which are not in contravention of any Law or any Loan Document.

### 4.2 Inspections; Cooperation.

It shall permit representatives of Lender to enter upon the Property, to inspect the Improvements, to examine all detailed plans and similar materials as well as all records and books of account maintained by or on its behalf relating thereto and to discuss the affairs, finances and accounts pertaining to the Loan and the Improvements with representatives of Borrower. It shall at all times cooperate with the representatives of Lender in connection with or in aid of the performance of Lender's functions under this Agreement.

### 4.3 Payment and Performance of Contractual Obligations.

It shall perform in a timely manner all of its obligations under any and all contracts and agreements related to any construction activities at the Property or the maintenance or operation of the Improvements, and it shall pay when due all bills for services or labour performed and

materials supplied in connection with such construction, maintenance and/or operation. Within thirty (30) days after the filing of any builders lien or other lien or encumbrance against the Property, Borrower shall promptly discharge the same by payment or filing a bond or otherwise as permitted by Law. So long as Lender's security has been protected by the filing of a bond or otherwise in a manner satisfactory to Lender in its sole and absolute discretion, Borrower shall have the right to contest in good faith any claim, lien or encumbrance, provided that Borrower does so diligently and without prejudice to Lender or delay in completing construction of any tenant improvements.

#### 4.4 Insurance.

It shall maintain the following insurance at its sole cost and expense:

- (a) insurance against Casualty to the Property under a policy or policies covering such risks as are presently included in "all risk" coverage, including such risks as are ordinarily insured against by similar businesses, but in any event including fire, lightning, windstorm, hail, explosion, riot, riot attending a strike, civil commotion, damage from aircraft, smoke, vandalism, and malicious mischief. Such insurance shall name Lender as mortgagee and loss payee. Unless otherwise agreed in writing by Lender, such insurance shall be for the full insurable value of the Property on a replacement cost basis, with a deductible amount, if any, satisfactory to Lender, acting reasonably. No policy of insurance shall be written such that the proceeds thereof will produce less than the minimum coverage required by this Section by reason of co-insurance provisions or otherwise. The term "full insurable value" means one hundred percent (100%) of the actual replacement cost of the Property (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items).
- (b) commercial (also known as comprehensive) general liability insurance on an "occurrence" basis against claims for "personal injury" liability and liability for death, bodily injury and damage to property, products and completed operations, in an amount of not less than \$5,000,000.00. Such insurance shall name Lender as an additional insured.
- (c) such other and further insurance as may be required from time to time by Lender in order to comply with regular requirements and practices of Lender in similar transactions including, if required by Lender, boiler and machinery insurance, pollution liability insurance, wind insurance and earthquake insurance, so long as any such insurance is generally available at commercially reasonable premiums as determined by Lender from time to time, acting reasonably.

Each policy of insurance (i) shall be issued by one or more insurance companies each of which must have an A.M. Best Company financial and performance rating of A 1X or better and are qualified or authorized by the Laws of the Province of Ontario to assume the risks covered by such policy, (ii) with respect to the insurance described under the preceding Subsection (a) shall have attached thereto standard non-contributing, non-reporting Insurance Bureau of Canada mortgagee clauses which among other things shall be in favour of and entitling Lender without

contribution to collect any and all proceeds payable under such insurance, either as sole payee, (iii) shall provide that such policy shall not be cancelled or modified without at least thirty (30) days prior written notice to Lender, and (iv) shall provide that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of Borrower which might, absent such agreement, result in a forfeiture of all or a part of such insurance payment. Borrower shall promptly pay all premiums when due on such insurance and, upon renewal of each such policy, Borrower shall deliver to Lender acceptable evidence of insurance, such as a renewal policy or policies marked "premium paid" or other evidence satisfactory to Lender reflecting that all required insurance is current and in force. Borrower shall immediately give Notice to Lender of any cancellation of, or change in, any insurance policy. Lender shall not, because of accepting, rejecting, approving or obtaining insurance, incur any liability for (A) the existence, non-existence, form or legal sufficiency thereof, (B) the solvency of any insurer, or (C) the payment of losses. Borrower may satisfy any insurance requirement hereunder by providing one or more "blanket" insurance policies, subject to Lender's approval in each instance (and subject as aforesaid) as to limits, coverages, forms, deductibles, inception and expiration dates, and cancellation provisions.

#### 4.5 **Adjustment of Condemnation and Insurance Claims.**

It shall give prompt Notice to Lender of any Casualty or any Condemnation or threatened Condemnation. Lender is authorized, at its sole and absolute option, to commence, appear in and prosecute, in its own or Borrower's name, any action or proceeding relating to any Condemnation or Casualty, and to make proof of loss for and to settle or compromise any Claim in connection therewith. In such case, Lender shall have the right to receive all Condemnation Awards and Insurance Proceeds, and may deduct therefrom all of its Expenses. However, so long as no Event of Default has occurred and Borrower is diligently pursuing its rights and remedies with respect to a Claim, Lender will obtain Borrower's written consent (which consent shall not be unreasonably withheld or delayed) before making proof of loss for or settling or compromising such Claim. Borrower agrees to diligently assert its rights and remedies with respect to each Claim and to promptly pursue the settlement and compromise of each Claim subject to Lender's approval, which approval shall not be unreasonably withheld or delayed. If, prior to the receipt by Lender of any Condemnation Award or Insurance Proceeds, the Property shall have been sold pursuant to the provisions of the Mortgage, Lender shall have the right to receive such funds (a) to the extent of any deficiency found to be due upon such sale with interest thereon (whether or not a deficiency judgment on the Mortgage shall have been sought or recovered or denied), and (b) to the extent necessary to reimburse Lender for its Expenses. If any Condemnation Awards or Insurance Proceeds are paid to Borrower, it shall receive the same in trust for Lender. Within ten (10) days after Borrower's receipt of any Condemnation Awards or Insurance Proceeds, Borrower shall deliver such awards or proceeds to Lender in the form in which they were received, together with any endorsements or documents that may be necessary to effectively negotiate or transfer the same to Lender. Borrower agrees to execute and deliver from time to time, upon the request of Lender, such further instruments or documents as may be requested by Lender to confirm the grant and assignment to Lender of any Condemnation Awards or Insurance Proceeds.



#### 4.6 **Management.**

It at all times shall provide for the competent and responsible management and operation of the Property. At all times, Borrower shall cause the Property to be managed by a manager approved by the Lender. All management contracts must be approved in writing by Lender prior to the execution of the same.

#### 4.7 **Books and Records; Financial Statements; Tax Returns.**

The Borrower shall keep and maintain full and accurate books and records administered in accordance with sound accounting principles, consistently applied, showing in detail the earnings and expenses of the Property and the operation thereof. Borrower shall permit Lender, or any Person authorized by Lender (subject to the prior approval of Borrower, acting reasonably) to inspect and examine such books and records (regardless of where maintained) and to make copies and extracts therefrom at all reasonable times and as often as may be requested by Lender. The Borrower shall furnish or cause to be furnished to Lender accountant prepared financial statements, including balance sheets and income statements, for such Borrower and internally prepared statements for the Property, within ninety (90) days after each fiscal year end for the respective reporting party. In addition, the Borrower shall furnish or cause to be furnished to Lender, within fifteen (15) days after each calendar quarter end, interim management prepared operating statements for the Property (including rents roll), together with such additional information, reports or statements in connection therewith, as Lender may from time to time reasonably request. All interim financial statements and all additional information, reports or statements must be in form and detail acceptable to Lender acting reasonably and must be certified as to accuracy by the Borrower. All certifications and signatures on behalf of corporations, partnerships, limited liability companies and other entities shall be by a representative of the reporting party satisfactory to Lender acting reasonably.

#### 4.8 **Reporting.**

The Borrower shall deliver to the Lender, copies of all plans, documents, agreements, applications and all other matters relating the development of the Property, all of which shall be subject to the approval of the Lender acting reasonably. The Borrower shall keep the Lender advised of all meetings with provincial and municipal governmental authorities. In addition to the foregoing, the Borrower shall deliver to the Lender written monthly reports with respect to the status of the development process respecting the Property.

#### 4.9 **Estoppel Certificates.**

Within ten (10) days after any Notice from Lender, Borrower shall certify in writing to Lender, the then unpaid balance of the Loan and whether Borrower claims any right of defense or setoff to the payment or performance of any of the Obligations, and if Borrower claims any such right of defense or setoff, Borrower shall give a detailed written description of such claimed right.

#### 4.10 **Taxes; Tax Receipts.**

Borrower shall pay and discharge all Taxes prior to the date on which penalties are attached thereto unless and to the extent only that such Taxes are contested in accordance with the terms of the Mortgage.

#### 4.11 **Lender's Rights to Pay and Perform.**

If, after any required notice, Borrower fails to promptly pay or perform any of the Obligations within any applicable grace or cure periods, Lender, without Notice to or demand upon Borrower, and without waiving or releasing any Obligation or Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Borrower. Lender may enter upon the Property for that purpose and take all action thereon as Lender considers necessary or appropriate.

#### 4.12 **Reimbursement; Interest.**

If Lender shall incur any Expenses or pay any Claims by reason of the Loan or the rights and remedies provided under the Loan Documents (regardless of whether or not any of the Loan Documents expressly provide for an indemnification by Borrower against such Claims), Lender's payment of such Expenses and Claims shall constitute advances to Borrower which shall be paid by Borrower to Lender on demand, together with interest thereon from the date incurred until paid in full at the rate of interest then applicable to the Loan. All other advances shall be secured by the Mortgage and the other Loan Documents as fully as if made to Borrower, regardless of the disposition thereof by the party or parties to whom such advance is made. Notwithstanding the foregoing, however, in any action or proceeding to realize under the Mortgage or to recover or collect the Obligations, the provisions of Law governing the recovery of costs, disbursements and allowances shall prevail unaffected by this Section.

#### 4.13 **Notification by Borrower.**

Borrower will promptly give Notice to Lender of the occurrence of any Default or Event of Default hereunder or under any of the other Loan Documents. Borrower will also promptly give Notice to Lender of any claim of a default by Borrower, or any claim by Borrower of a default by any other party, under any property management contract or any Lease.

#### 4.14 **Indemnification by Borrower.**

Borrower agrees to indemnify Lender and to hold Lender harmless from and against, and to defend Lender by counsel approved by Lender against, any and all Claims directly or indirectly arising out of or resulting from any transaction, act, omission, event or circumstance in any way connected with the Property or the Loan, including any Claim arising out of or resulting from (a) any construction activity at the Property, including any defective workmanship or materials; (b) any failure by Borrower to comply with the requirements of any Laws or to comply with any agreement that applies or pertains to the Property; (c) any other Default or Event of Default hereunder or under any of the other Loan Documents; or (d) any assertion or allegation that Lender is liable for any act or omission of Borrower or any other Person in

connection with the ownership, financing, leasing, operation or sale of the Property. The agreements and indemnifications contained in this Section shall apply to Claims arising both before and after the repayment of the Loan and shall survive the repayment of the Loan, any foreclosure or deed, assignment or conveyance in lieu thereof and any other action by Lender to enforce the rights and remedies of Lender hereunder or under the other Loan Documents.

**4.15 Fees and Expenses.**

Borrower shall pay all fees, charges, costs and expenses required to satisfy the conditions of the Loan Documents. Without limitation of the foregoing, Borrower will pay, when due, and if paid by Lender will reimburse Lender on demand for, all fees and expenses of Lender's counsel in connection with the loan and closing, in respect thereof or any "workout" of the Loan, or the enforcement of Lender's rights and remedies under any of the Loan Documents.

**4.16 Preservation of Rights.**

Borrower shall obtain, preserve and maintain in good standing, as applicable, all rights, privileges and franchises necessary or desirable for the development and operation of the Property and the conduct of Borrower's business thereon or therefrom.

**4.17 Representations and Warranties.**

Each Credit Party shall take all actions and shall do all things necessary or desirable to cause all of Borrower's representations and warranties in this Agreement to be true and correct at all times.

**ARTICLE 5**  
**NEGATIVE COVENANTS.**

Each Credit Party covenants as of the date hereof and until such time as all Obligations shall be paid and performed in full, that:

**5.1 Conditional Sales.**

It shall not incorporate in the Improvements any property acquired under a conditional sales contract or lease or as to which the vendor retains title or a security interest, without the prior written consent of Lender.

**5.2 Insurance Policies and Bonds.**

It shall not do or permit to be done anything that would affect the coverage or indemnities provided for pursuant to the provisions of any insurance policy, performance bond, labour and material payment bond or any other bond given in connection with any construction at the Property, including any construction of tenant improvements.

### 5.3 Commingleing.

It shall not commingle its funds and other assets with those of any affiliate or any other Person.

### 5.4 Additional Debt.

No other debt of the Credit Party, other than Permitted Financings, may be secured by the Property, whether senior, subordinate or *pari passu*. For greater certainty, notwithstanding that the Borrower may enter into Permitted Financings, the Lender will not under any circumstances be required to subordinate or postpone the Mortgage to any other financings, including without limitation, Permitted Financings.

### 5.5 Sale of Property.

It shall not sell or agree to sell or otherwise dispose of the Property or any part thereof (other than pursuant to the Option Agreement) except as Lender may consent in its discretion.

### 5.6 Dissolution; Change in Business Status or Control.

The Borrower shall not (i) sell, all or substantially all of its business assets, (ii) change the form of business entity through which it presently conducts its business, (iii) allow any merger or consolidation involving the Borrower, or (iv) allow a change in control of any party constituting the Borrower.

## ARTICLE 6 EVENTS OF DEFAULT.

The occurrence or happening, from time to time, of any one or more of the following shall constitute an Event of Default under this Agreement:

### 6.1 Payment Default.

Borrower fails to pay principal or interest when due, on the scheduled due date or upon acceleration, maturity or otherwise, or fails to pay any other Obligation under this Agreement.

### 6.2 Default Under Other Loan Documents/ Option Agreement.

An Event of Default (as defined therein) occurs under the Mortgage or any other Loan Document, or Borrower fails to promptly pay, perform, observe or comply with any term, obligation or agreement contained in any of the Loan Documents (within any applicable grace or cure period) or the Option Agreement.

### 6.3 Accuracy of Information; Representations and Warranties.

Any information contained in any financial statement, schedule, report or any other document delivered by a Credit Party, or any other Person to Lender in connection with the Loan proves at any time not to be in all material respects true and accurate, or a Credit Party, or any

other Person shall have failed to state any material fact or any fact necessary to make such information not misleading, or any representation or warranty contained in this Agreement or in any other Loan Document or other document, certificate or opinion delivered to Lender in connection with the Loan, proves at any time to be incorrect or misleading in any material respect either on the date when made or on the date when reaffirmed pursuant to the terms of this Agreement.

**6.4 Insurance Obligations.**

A Credit Party fails to promptly perform or comply with any of the covenants contained in the Loan Documents with respect to maintaining insurance, including the covenants contained in Section 4.4.

**6.5 Other Obligations.**

A Credit Party fails to promptly perform or comply with any of the Obligations set forth in this Agreement (other than those expressly described in Section 6.1 hereof) and such failure continues uncured for a period of ten (10) days after Notice from Lender to such Credit Party, unless (a) such failure, by its nature, is not capable of being cured within such period, or (b) within such period, such Credit Party commences to cure such failure and thereafter diligently prosecutes the cure thereof, and (c) a Credit Party causes such failure to be cured no later than thirty (30) days after the date of such Notice from Lender.

**6.6 Damage to Improvements.**

The Improvements are substantially damaged or destroyed by fire or other casualty and Lender acting reasonably determines that the Improvements cannot be restored in accordance with the terms and provisions of this Agreement and the Mortgage.

**6.7 Lapse of Permits or Approvals.**

Any permit, license, certificate or approval that Borrower is required to obtain with respect to any construction activities at the Property or the operation, leasing or maintenance of the Improvements or the Property lapses or ceases to be in full force and effect and it not renewed and as a result Lender's security in the Land is materially adversely affected.

**6.8 Construction Lien.**

A lien for the performance of work or the supply of materials is filed against the Property, and is not discharged within thirty (30) days after the date of filing or service.

**6.9 Bankruptcy.**

A Credit Party files a bankruptcy petition or makes a general assignment for the benefit of creditors, or a bankruptcy petition is filed against a Credit Party and such involuntary bankruptcy petition continues undismissed for a period of thirty (30) days after the filing thereof.

**6.10 Appointment of Receiver, Trustee, Liquidator.**

A Credit Party applies for or consents in writing to the appointment of a receiver, trustee or liquidator of such Credit Party, the Property, or all or substantially all of the other assets of such Credit Party or an order, judgment or decree is entered by any court of competent jurisdiction on the application of a creditor appointing a receiver, trustee or liquidator of a Credit Party, the Property, or of all or substantially all of the other assets of a Credit Party and it not discharged within a period of forty-five (45) days after appointment.

**6.11 Inability to Pay Debts.**

A Credit Party becomes unable or admits in writing its inability or fails generally to pay its debts as they become due.

**6.12 Judgment.**

One or more final nonappealable judgments for the payment of money are entered against a Credit Party, or any one or more of them, and it fails to discharge the same, or causes it to be discharged or bonded off to Lender's reasonable satisfaction, within thirty (30) days from the date of the entry of such judgment.

**6.13 Security.**

If any of the Loan Documents executed and delivered by a Credit Party ceases to be a legal, valid, binding and enforceable obligation of such party or if any of the security documents delivered in connection with the Loan fail to constitute a first (or second in the case of 887 Queen during the currency of the VTB Mortgage) ranking mortgage, charge or security interest in favour of Lender.

**6.14 Material Adverse Change.**

In the reasonable opinion of Lender, the prospect of payment or performance of all or any part of a material obligation has been impaired due to an adverse change in the financial condition, results of operations, business or properties of a Credit Party and such situation remains for a period of thirty (30) days after written notice from Lender.

**ARTICLE 7**  
**REMEDIES ON DEFAULT.**

**7.1 Remedies on Default.**

Upon the happening of any Event of Default, Lender shall have the right, in addition to any other rights or remedies available to Lender under the Mortgage or any of the other Loan Documents or under applicable Law, to exercise any one or more of the following rights and remedies:

- (a) Lender may accelerate all of Borrower's Obligations under the Loan Documents whereupon such Obligations shall become immediately due and payable, without

notice of default, acceleration or intention to accelerate, presentment or demand for payment, protest or notice of non-payment or dishonour, or notices or demands of any kind or character (all of which are hereby waived by Borrower).

- (b) Lender may terminate its obligation to advance any further principal of the Loan pursuant to this Agreement by Notice to Borrower.
- (c) Lender may at any time and from time to time when there shall be an Event of Default under the provisions of any Loan Documents, and with or without entering into possession of the Property or any part thereof and whether before or after such entry into possession, appoint in writing or apply to a court of competent jurisdiction for the appointment of a receiver or trustee (who may, if the Lender elects, be an officer or employee of the Lender and which term, when used herein, shall include a receiver and manager) 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 or by application to court, as the case may be, remove any such receiver or trustee and appoint another in his place and stead and in making any such appointment or removal, the Lender shall be deemed to be acting as the agent or attorney for the Borrower. The Borrower hereby agrees and consents to the appointment of such receiver or trustee.

Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the Property or any part thereof, and the Borrower hereby consents to a court order for the appointment of such receiver or trustee. If the Lender, in its discretion, chooses to obtain such an order, it may be obtained on the terms and for such purposes as the Lender, at its sole discretion, may require, including, without limitation, the power to manage, mortgage, pledge, lease and/or sell the Property and/or complete or partially complete any construction thereon and to receive advances of mortgage and other moneys pursuant to any mortgages, pledges and/or loans entered into by the receiver or trustee or the Borrower.

Upon the appointment of any such receiver or trustee from time to time, the Borrower covenants and agrees that the following provisions shall apply:

- (i) a statutory declaration of an officer of the Lender as to default under the provisions of this Loan Agreement shall be conclusive evidence thereof;
- (ii) every such receiver or trustee shall be the irrevocable agent or attorney of the Borrower (whose appointment, as such, shall be revocable only by the Lender) for the collection of all rents and other amounts falling due in respect of the Property or any part thereof, whether in respect of any tenancies created in priority to this Loan Agreement or subsequent thereto;
- (iii) every such receiver or trustee may, in the discretion of the Lender, be vested with all or any of the powers and discretions of the Lender including, without limitation, the power to sell the Property;

- (iv) the Lender may from time to time fix the remuneration of every such receiver or trustee who shall be entitled to deduct same out of the Property or the proceeds thereof;
- (v) every such receiver or trustee shall, so far as concerns responsibility and liability for his acts and omissions, be deemed to be the agent or attorney of the Borrower and in no event the agent of the Lender;
- (vi) the appointment of every such receiver or trustee by the Lender shall not incur or create any liability on the part of the Lender to the receiver or trustee or to the Borrower or to any other person, firm or corporation in any respect and such appointment or anything which may be done by any such receiver or trustee or the removal of any such receiver or trustee or the termination of any such receivership or trusteeship shall not have the effect of constituting the Lender a mortgagee in possession in respect of the Property or any part thereof;
- (vii) the receiver or trustee shall have the power to rent any portion of the Property for such term and subject to such provisions as he may deem advisable or expedient, subject to the restrictions on leasing contained in any existing tenancy agreements affecting the Property and, in so doing, such receiver or trustee shall be acting as the attorney or agent of the Borrower and shall have the authority to execute any tenancy agreement of any such premises in the name and on behalf of the Borrower, and the Borrower undertakes to ratify and confirm whatever acts such receiver or trustee may do in the Property;
- (viii) every such receiver or trustee may make such arrangements at such time or times as it may deem necessary without the concurrence of any other persons for the repairing, finishing, adding to or putting in order the Property, including, without restricting the generality of the foregoing, for the completion of the construction of any building or buildings or other erections or improvements on the Property left by any Borrower in an unfinished state or award the same to others to complete, notwithstanding that the resulting cost exceeds the principal sum hereinbefore set forth, and, in any of such cases, shall have the right to take possession of and use or permit others to use all or any part of the Borrower's materials, supplies, plans, tools, equipment (including appliances on the Property) and property of every kind and description. For the purposes thereof, the receiver or trustee may borrow money on the security of the Property and to issue such certificates or charges as may be necessary or desirable to secure such borrowings;
- (ix) every such receiver or trustee shall have full power to manage, operate, amend, repair or alter the Property and the buildings and improvements thereon or any part thereof in the name of the Borrower for the purpose of obtaining rental and other income from the Property or any part thereof;



- (x) no such receiver or trustee shall be liable to the Borrower to account for moneys or damages, other than moneys actually received by him in respect of the Property, and out of such moneys so received from time to time, every such receiver or trustee shall pay in the following order:
  - (A) his remuneration aforesaid;
  - (B) all obligations, costs and expenses made or incurred by him, including, but not limited to, any expenditures in connection with the management, operation, amendment, repair, construction or alteration of the Property or any part thereof;
  - (C) interest, principal and other moneys which may from time to time be or become charged upon the Property in priority to this Loan Agreement and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect of the Property or any part thereof;
  - (D) to the Lender all interest due or falling due under this Loan Agreement and the balance to be applied on account of the Loan Amount and other moneys due and payable to the Lender and, at the option of the Lender, to prepay the Loan Amount and all other unpaid monies due and owing under this Loan Agreement; and
  - (E) subject to the above, at the discretion of the receiver or trustee, interest, principal and other moneys which may from time to time constitute a charge or encumbrance on the Property subsequent in priority or subordinate to the interest of the Lender under this Loan Agreement,

and that such receiver or trustee shall, in his discretion, retain reasonable reserves to meet accruing amounts and anticipated payments in connection with any of the foregoing and, further, that any surplus remaining in the hands of every such receiver or trustee after payments made and such reasonable reserves retained as aforesaid shall be payable to the Borrower;

- (xi) the Lender may at any time and from time to time terminate any such receivership by notice in writing to the Borrower and to any such receiver or trustee; and
- (xii) save as to moneys payable to the Borrower as set forth above, the Borrower hereby releases and discharges the Lender and every such receiver or trustee from every claim of every nature, whether in damages for negligence or trespass or otherwise, which may arise or be caused to the Borrower or any person claiming through or under the Borrower by reason or as a result of anything done by the Lender or any such receiver

or trustee under the provisions of this Subsection (c), unless such claim be the direct and proximate result of bad faith or gross negligence.

The Borrower hereby irrevocably appoints the Lender as his attorney to execute such consent or consents and all such documents as may be required, in the sole discretion of the Lender and/or its solicitors, so as to give effect to the foregoing provisions, and the signature of such attorney shall be valid and binding on the Borrower and all parties dealing with the Borrower, the Lender and/or the receiver or trustee and/or with respect to the Property in the same manner as if such documentation was duly executed by the Borrower himself.

- (d) Lender may enter into possession of the Property and perform any and all work and labour necessary to complete any construction at the Property, including any construction of tenant improvements, and to employ watchmen to protect the Property and the Improvements. All sums expended by Lender for such purposes shall be deemed to have been advanced to Borrower under this Agreement and shall be secured by the Mortgage. For this purpose, Borrower hereby constitutes and appoints Lender its true and lawful attorney-in-fact with full power of substitution, which power is coupled with an interest, to complete the work in the name of Borrower, and hereby empowers said attorney or attorneys, in the name of Borrower or Lender:
- (i) To use any funds of Borrower including any balance which may be held by Lender and any funds (if any) which may remain unadvanced hereunder for the purpose of completing any construction, including any construction of tenant improvements, whether or not in the manner called for in the applicable plans and specifications;
  - (ii) To make such additions and changes and corrections to any plans and specifications as shall be necessary or desirable in the judgment of Lender to complete any construction, including any construction of tenant improvements;
  - (iii) To employ such contractors, subcontractors, agents, architects and inspectors as shall be necessary or desirable for said purpose;
  - (iv) To pay, settle or compromise all existing bills and claims which are or may be liens against the Property, or may be necessary or desirable for the completion of the work or the clearance of title to the Property;
  - (v) To execute all applications and certificates which may be required in the name of Borrower;
  - (vi) To enter into, enforce, modify or cancel Leases and to fix or modify rents on such terms as Lender may consider proper;

- (vii) To file for record, at Borrower's cost and expense and in Borrower's name, any notices of completion, notices of cessation of labour, or any other notices that Lender in its sole and absolute discretion may consider necessary or desirable to protect its security; and
- (viii) To do any and every act with respect to any such construction which Borrower may do in its own behalf.

It is understood and agreed that this power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked. Said attorney-in-fact shall also have the power to prosecute and defend all actions or proceedings in connection with any construction at the Property, including any construction of tenant improvements, and to take such actions and to require such performance as Lender may deem necessary.

## **7.2 No Release or Waiver; Remedies Cumulative and Concurrent.**

Borrower shall not be relieved of any Obligation by reason of the failure of Lender to comply with any request of Borrower or of any other Person to take action to foreclose on the Property under the Mortgage or otherwise to enforce any provision of the Loan Documents, or by reason of the release, regardless of consideration, of all or any part of the Property. No delay or omission of Lender to exercise any right, power or remedy accruing upon the happening of an Event of Default shall impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or any acquiescence therein. No delay or omission on the part of Lender to exercise any option for acceleration of the maturity of the Obligations, or for realization under the Mortgage following any Event of Default as aforesaid, or any other option granted to Lender hereunder in any one or more instances, or the acceptance by Lender of any partial payment on account of the Obligations shall constitute a waiver of any such Event of Default and each such option shall remain continuously in full force and effect. No remedy herein conferred upon or reserved to Lender is intended to be exclusive of any other remedies provided for in the Loan Documents, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or under the Loan Documents, or now or hereafter existing at Law or in equity or by statute. Every right, power and remedy given by the Loan Documents to Lender shall be concurrent and may be pursued separately, successively or together against Borrower or the Property or any part thereof, and every right, power and remedy given by the Loan Documents may be exercised from time to time as often as may be deemed expedient by Lender.

## **ARTICLE 8 MISCELLANEOUS.**

### **8.1 Further Assurances; Authorization to File Documents.**

At any time, and from time to time, upon request by Lender, Borrower will, at Borrower's expense, (a) correct any defect, error or omission which may be discovered in the form or content of any of the Loan Documents, and (b) make, execute, deliver and record, or cause to be made, executed, delivered and recorded, any and all further instruments, certificates and other documents as may, in the opinion of Lender, be necessary or desirable in order to complete,

perfect or continue and preserve the lien of the Mortgage. Upon any failure by Borrower to do so, Lender may make, execute and record any and all such instruments, certificates and other documents for and in the name of Borrower, all at the sole expense of Borrower, and Borrower hereby appoints Lender the agent and attorney-in-fact of Borrower to do so, this appointment being coupled with an interest and being irrevocable. Without limitation of the foregoing, Borrower irrevocably authorizes Lender at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements deemed necessary or desirable by Lender to establish or maintain the validity, perfection and priority of the security interests granted in the Mortgage, and Borrower ratifies any such filings made by Lender prior to the date hereof. In addition, at any time, and from time to time, upon request by Lender, Borrower will, at Borrower's expense, provide any and all further instruments, certificates and other documents as may, in the opinion of Lender, be necessary or desirable in order to verify Borrower's identity and background in a manner satisfactory to Lender.

#### **8.2 No Warranty by Lender.**

By accepting or approving anything required to be observed, performed or fulfilled by Borrower or to be given to Lender pursuant to this Agreement, including any certificate, survey, receipt, appraisal or insurance policy, Lender shall not be deemed to have warranted or represented the sufficiency, legality, effectiveness or legal effect of the same, or of any term, provision or condition thereof and any such acceptance or approval thereof shall not be or constitute any warranty or representation with respect thereto by Lender.

#### **8.3 Standard of Conduct of Lender.**

Nothing contained in this Agreement or any other Loan Document shall limit the right of Lender to exercise its business judgment or to act, in the context of the granting or withholding of any advance or consent under this Agreement or any other Loan Document, in a subjective manner, whether or not objectively reasonable under the circumstances, so long as Lender's exercise of its business judgment or action is made or undertaken in good faith. Borrower and Lender intend by the foregoing to set forth and affirm their entire understanding with respect to the standard pursuant to which Lender's duties and obligations are to be judged and the parameters within which Lender's discretion may be exercised hereunder and under the other Loan Documents. As used herein, "good faith" means honesty in fact in the conduct and transaction concerned.

#### **8.4 No Partnership.**

Nothing contained in this Agreement shall be construed in a manner to create any relationship between Borrower and Lender other than the relationship of borrower and lender and Borrower and Lender shall not be considered partners or co-venturers for any purpose on account of this Agreement.

#### **8.5 Severability.**

In the event any one or more of the provisions of this Agreement or any of the other Loan Documents shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part

or in any other respect, or in the event any one or more of the provisions of any of the Loan Documents operates or would prospectively operate to invalidate this Agreement or any of the other Loan Documents, then and in either of those events, at the option of Lender, such provision or provisions only shall be deemed null and void and shall not affect the validity of the remaining Obligations, and the remaining provisions of the Loan Documents shall remain operative and in full force and effect and shall in no way be affected, prejudiced or disturbed thereby.

#### 8.6 Notices.

All Notices required or which any party desires to give hereunder or under any other Loan Document shall be in writing and, unless otherwise specifically provided in such other Loan Document, shall be deemed sufficiently given or furnished if delivered by personal delivery, by nationally recognized overnight courier service or by registered mail in Canada, postage prepaid, addressed to the party to whom directed at the applicable address set forth below (unless changed by similar notice in writing given by the particular party whose address is to be changed) or by facsimile. Any Notice shall be deemed to have been given either at the time of personal delivery or, in the case of courier or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or, in the case of facsimile, upon receipt; provided that service of a Notice required by any applicable statute shall be considered complete when the requirements of that statute are met. Notwithstanding the foregoing, no notice of change of address shall be effective except upon actual receipt. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in this Agreement or in any other Loan Document or to require giving of notice or demand to or upon any Person in any situation or for any reason.

The address and fax number of the Credit Party is:

- |                      |                                                                                                                                                                     |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) to Borrower at:  | Red Door Developments Inc.<br>and Red Door Lands Ltd.<br>30 Hazelton Avenue<br>Toronto, Ontario M5R 2E2<br><br>Attention: Norma Walton<br>Facsimile: (416) 489-9973 |
| (b) to Guarantor at: | Ron Walton and Norma Walton<br>30 Hazelton Avenue<br>Toronto, Ontario M5R 2E2<br><br>Facsimile: (416) 489-9973                                                      |

(c) to Lender at: RioCan Management Inc.  
RioCan Yonge Eglinton Centre  
2300 Yonge Street, Suite 500  
P.O. Box 2386  
Toronto Ontario M4P 1E4

Attention: Jonathan Gitlin  
Facsimile: (416) 866-3020

with a copy to: Fogler, Rubinoff LLP  
Barristers & Solicitors  
95 Wellington Street West  
Suite 1200, Toronto-Dominion Centre  
Toronto Ontario M5J 2Z9

Attention: Raymond M. Gelgoot  
Facsimile: (416) 941-8852

8.7 **Permitted Successors and Assigns; Disclosure of Information.**

- (a) Each and every one of the covenants, terms, provisions and conditions of this Agreement and the Loan Documents shall apply to, bind and inure to the benefit of Borrower and the successors and those assigns of Borrower consented to in writing by Lender, and shall apply to, bind and inure to the benefit of Lender and the endorsees, transferees, successors and assigns of Lender, and all Persons claiming under or through any of them.
- (b) Borrower agrees not to transfer, assign, pledge or hypothecate any right or interest in any payment or advance due pursuant to this Agreement, or any of the other benefits of this Agreement, without the prior written consent of Lender, which consent may be withheld by Lender in its sole and absolute discretion. Any such transfer, assignment, pledge or hypothecation made or attempted by Borrower without the prior written consent of Lender shall be void and of no effect. No consent by Lender to an assignment shall be deemed to be a waiver of the requirement of prior written consent by Lender with respect to each and every further assignment and as a condition precedent to the effectiveness of such assignment.
- (c) Lender may sell or offer to sell the Loan or interests therein to one or more assignees or participants, provided that, if Lender retains an interest in the Loan, all communications by and to Borrower will be with Lender and Lender will continue to administer the Loan. Borrower shall execute, acknowledge and deliver any and all instruments reasonably requested by Lender in connection therewith, and to the extent, if any, specified in any such assignment or participation, such assignee(s) or participant(s) shall have the same rights and

benefits with respect to the Loan Documents as such Person(s) would have if such Person(s) were Lender hereunder. Lender may disseminate any information it now has or hereafter obtains pertaining to the Loan, including any security for the Loan, any credit or other information on the Property (including environmental reports and assessments), Borrower or any of Borrower's principals to any actual or prospective assignee or participant, to Lender's affiliates, including Banc of America Securities LLC, to any regulatory body having jurisdiction over Lender, to any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Borrower and the Loan, or to any other party as necessary or appropriate in Lender's reasonable judgment.

#### 8.8 **Modification; Waiver.**

None of the terms or provisions of this Agreement may be changed, waived, modified, discharged or terminated except by instrument in writing executed by the party or parties against whom enforcement of the change, waiver, modification, discharge or termination is asserted. None of the terms or provisions of this Agreement shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

#### 8.9 **Third Parties; Benefit.**

All conditions to the obligation of Lender to make advances hereunder are imposed solely and exclusively for the benefit of Lender and its assigns and no other Persons shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Lender will refuse to make advances in the absence of strict compliance with any or all thereof and no other Person shall, under any circumstances, be deemed to be the beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Lender at any time in the sole and absolute exercise of its discretion. The terms and provisions of this Agreement are for the benefit of the parties hereto and, except as herein specifically provided, no other Person shall have any right or cause of action on account thereof.

#### 8.10 **Rules of Construction.**

The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Agreement in its entirety. The terms "agree" and "agreements" mean and include "covenant" and "covenants." The words "include" and "including" shall be interpreted as if followed by the words "without limitation." The captions and headings contained in this Agreement are included herein for convenience of reference only and shall not be considered a part hereof and are not in any way intended to define, limit or enlarge the terms hereof. All references (a) made in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, (b) made in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, (c) to the Loan Documents are to the same as extended, amended, restated, supplemented or otherwise modified from time to time unless expressly indicated otherwise, (d) to the Land, the Improvements or the Property shall mean all or any portion of each of the foregoing, respectively, and (e) to Articles, Sections and Schedules are to the respective Articles, Sections and Schedules contained in this Agreement unless expressly indicated otherwise.

#### 8.11 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes; provided, however, that all such counterparts shall together constitute one and the same instrument.

#### 8.12 Signs; Publicity.

Borrower expressly authorizes Lender to prepare and to furnish to the news media for publication from time to time news releases with respect to the Property, specifically to include releases detailing Lender's involvement with the financing of the Property.

#### 8.13 Governing Law.

This Agreement shall be governed by and construed, interpreted and enforced in accordance with the laws of the Province of Ontario.

#### 8.14 Time of Essence.

Time shall be of the essence for each and every provision of this Agreement of which time is an element.

#### 8.15 Electronic Transmission of Data.

Lender and Borrower agree that certain data related to the Loan (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the Internet. This data may be transmitted to, received from or circulated among agents and representatives of Borrower and/or Lender and their affiliates and other Persons involved with the subject matter of this Agreement. Borrower acknowledges and agrees that (a) there are risks associated with the use of electronic transmission and that Lender does not control the method of transmittal or service providers, (b) Lender has no obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of any such transmission, and (c) Borrower will release, hold harmless and indemnify Lender from any claim, damage or loss, including that arising in whole or part from Lender's strict liability or sole, comparative or contributory negligence, which is related to the electronic transmission of data.

#### 8.16 Forum

Borrower hereby irrevocably submit generally and unconditionally for itself and in respect of the Property to the jurisdiction of the courts of the Province of Ontario and to the jurisdiction of the courts of the Province of Ontario over any Dispute. Borrower hereby irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Borrower hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any court of the Province of Ontario may be made by registered mail, return receipt requested, directed to Borrower at its address for notice set forth in this



Agreement, or at a subsequent address of which Lender received actual notice from Borrower in accordance with the notice section of this Agreement, and service so made shall be complete five (5) days after the same shall have been so mailed. Nothing herein shall affect the right of Lender to serve process in any manner permitted by Law or limit the right of Lender to bring proceedings against Borrower in any other court or jurisdiction.

**8.17 Maximum Amount.**

In no event shall the combination of interest, costs and fees payable herein or under this Agreement or any of the Loan Documents exceed the greater of: (A) an effective annual rate of interest of 59% of the amount of the Loan; or (B) 1% less than the effective annual rate of interest which is prohibited under Section 347 of the *Criminal Code* (Canada) as amended from time to time (the "**Maximum Amount**"), and if any payment, collection or demand pursuant to this Agreement or any of the Loan Documents is determined to exceed the Maximum Amount, then such payment, collection or demand shall be deemed to have been made by mutual mistake of Borrower and Lender and the amount of such payment or collection will at the option of Lender, be refunded to Borrower or be applied to the Loan (whether or not due and payable), and not to the payment of interest as defined in Section 347 of the *Criminal Code* (Canada) as amended from time to time. The effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the entire term of the Loan on the basis of quarterly compounding of the lawfully permitted rate of interest.

**8.18 Entire Agreement.**

The Loan Documents constitute the entire understanding and agreement between Borrower and Lender with respect to the transactions arising in connection with the Loan, and supersede all prior written or oral understandings and agreements between such Credit Party and Lender with respect to the matters addressed in the Loan Documents. In particular, and without limitation, the terms of any commitment by Lender to make the Loan are merged into the Loan Documents. Except as incorporated in writing into the Loan Documents, there are no representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Loan Documents. . If there is any Discrepancy between any of the terms, covenants, representations, warranties, obligations, definitions, conditions and/or any other provisions of this Agreement and those of any other instrument or agreement, including those of any other Loan Document, then to the extent necessary to resolve the Discrepancy, the terms, covenants, representations, warranties, obligations, definitions, conditions and/or any other provisions of this Agreement shall prevail, and the rights and obligations of the parties shall be governed by the provisions of this Agreement. For the purposes of this Agreement, "**Discrepancy**" shall mean: any conflict, discrepancy, difference, variance, disparity, dissimilarity, divergence, contradiction and/or any other inconsistency the impact of which is for such terms, covenants, representations, warranties, obligations, definitions, conditions and/or any other provisions to be unable to exist in a compatible combination, without contradiction.

[ SIGNATURE APPEARS ON FOLLOWING PAGE ]

IN WITNESS WHEREOF, the Borrower and Lender have caused this Agreement to be executed as of the date first above written.

**BORROWER:**

**RED DOOR DEVELOPMENTS INC.**

Per: 

Name: Norma Walton

Title: President

*I have authority to bind the Corporation*

**RED DOOR LANDS LTD.**

Per: 

Name: Norma Walton

Title: President

*I have authority to bind the Corporation*

**GUARANTOR:**

  
Witness

  
Witness

  
RON WALTON

  
NORMA WALTON

**LENDER:**

**RIOCAN MANAGEMENT INC.**

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

Name: Jonathan Gitlin

Title: Senior Vice President, Investments

*I have authority to bind the Corporation*

**IN WITNESS WHEREOF**, the Borrower and Lender have caused this Agreement to be executed as of the date first above written.

**BORROWER:**

**RED DOOR DEVELOPMENTS INC.**

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

Name: Norma Walton

Title: President

*I have authority to bind the Corporation*

**RED DOOR LANDS LTD.**

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

Name: Norma Walton

Title: President

*I have authority to bind the Corporation*

**GUARANTOR:**

\_\_\_\_\_  
*Witness*

\_\_\_\_\_  
**RON WALTON**

\_\_\_\_\_  
*Witness*

\_\_\_\_\_  
**NORMA WALTON**

**LENDER:**

**RIOCAN MANAGEMENT INC.**

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

Name: Jonathan Gitlin

Title: Senior Vice President, Investments

*I have authority to bind the Corporation*

Exhibit ALand and Permitted Encumbrances

## 1. Legal description of Land

**Municipal Address:** 875 Queen Street East, Toronto

**Firstly**

**PIN 21055-0064 (LT):** Parcel A-1, Section M204; Lot A, Plan M204, Toronto; Toronto, City of Toronto

**Secondly**

**PIN 21055-0065 (LT):** Parcel B-1, Section M204; Lot B, S/S Queen St East, Plan M204, Toronto; Lot C, S/S Queen St East, Plan M204, Toronto; Lot D, S/S Queen St East, Plan M204, Toronto; Part Lot E, S/S Queen St East, Plan M204, Toronto, commencing at the north westerly angle of said Lot B; Thence easterly along the northerly limits of said Lots B, C, D and E, being along the southerly limit of Queen St E, 97 feet 7 1/4 inches, more or less, to a point in the northerly limit of said Lot E distant 22 feet 9 1/4 inches measured westerly thereon from the north easterly angle thereof; Thence southerly in a straight line 132 feet, more or less, to a point in the southerly limit of said Lot E distant 22 feet 9 1/4 inches measured westerly thereon from the south easterly angle of said Lot E; Thence westerly along the southerly limits of said Lots E, D, C and B, 97 feet 7 1/4 inches, more or less, to the south westerly angle of said Lot B; Thence northerly along the westerly limit of said Lot B, 132 feet, more or less, to the point of commencement; Toronto, City of Toronto

**Thirdly**

**PIN 21055-0066 (LT):** Parcel G-2, Section M204; Part Lot G, Plan M204, Toronto; Part Lot H, Plan M204, Toronto, Part 2, R3025; Toronto, City of Toronto

**Fourthly**

**PIN 21055-0067 (LT):** Parcel 3215, Section P, Toronto; Part Lot E, Plan M204, Toronto; Part Lot F, Plan M204, Toronto; Part Lot G, Plan M204, Toronto, Commencing at a point in the southerly limit of Queen St E distant twenty-two feet nine and one-quarter inches (22' 9 1/4") measured westerly thereon from the north easterly angle of the said Lot E; Thence southerly in a straight line one hundred and thirty-two feet (132') more or less to a point in the southerly limit of said Lot distant twenty-two feet

nine and one-half inches (22' 9 1/4") measured westerly thereon from the southeast angle of the said Lot; Thence easterly along the southerly limit of said Lots E, F, and G a distance of seventy-eight feet five and one-half inches (78' 5 1/2") more or less to a point distant thirty-five feet nine and one-quarter inches (35' 9 1/4") measured westerly thereon from the westerly limit of Logan Avenue; Thence northerly to and along the easterly face of the easterly wall of an Old Frame Barn standing on the lands herein described in May, 1922 and along the westerly face of the westerly wall of a frame shed standing in May, 1922 on the lands immediately to the east of the lands herein described and along the line of the fence running northerly therefrom and continuing thence northerly in a straight line to a point in the production southerly of the western fact of the westerly wall of the main part of the Store Building standing in May, 1922 upon the land immediately to the east of the lands herein described, which point is distant three feet (3') measured southerly along the said production from the south westerly angle of the said main part of the said Store Building, the said point being distant also ninety-four feet seven inches (94' 7") more or less northerly from the southerly limit of the said Lot G; Thence westerly and parallel to the SLY limit of Queen St E two feet (2'); Thence northerly to and along the line drawn parallel to the said westerly face of the westerly wall of the said main part of the said Store Building and distant two feet (2') westerly therefrom and along the northerly production of the same, in all a distance of thirty-seven feet five inches (37' 5") to the southerly limit of Queen St E aforesaid; Thence westerly along the last mentioned limit seventy-five feet (75') more or less to the point of commencement except Part 3, R3025; Toronto, City of Toronto

**Municipal Address:**

887 Queen Street East, Toronto

**Firstly**

**PIN 21055-0068 (LT):**

Parcel G-1, Section M204; Part Lot G, Plan M204, Toronto; Part Lot H, Plan M204, Toronto, Parts 1 and 3, R3025; Toronto, City of Toronto

**Secondly**  
**PIN 21055-0069 (LT):**

Parcel H-1, Section M204; Part Lot H, S/S Queen St East Plan M204, Toronto, commencing at a point in the southerly limit of Queen St E where the same would be intersected by the production northerly of the centre line of partition wall between the main parts of the brick store buildings standing in May 1922 upon the said Lot and lands immediately to the west thereof, the said point being distant 20 feet 7 inches measured westerly along the said limit of Queen St E from the westerly limit of Logan Ave (formerly called Blong St); Thence southerly to and along the said centre line of wall in all a distance of 33 feet 9 inches to an angle in the same; Thence easterly along the centre line of partition wall between the aforesaid buildings and on a course about parallel to the said limit of Queen St E 3 feet to the centre line of partition wall between the rear parts of the aforesaid store buildings; Thence southerly along the last mentioned centre line of wall 28 feet 10 1/2 inches to a point in the southerly face of the southerly wall of the said rear parts of the said store buildings, which point is distant 17 feet 5 3/4 inches measured westerly on a course parallel to the said limit of Queen St E from the said limit of Logan Ave; Thence southerly in a straight line 8 feet 1 1/2 inches to a point in the southerly face of the southerly wall of the frame extensions of the said store buildings, which point is distant 17 feet 11 1/2 inches measured westerly on a course parallel to the said limit of Queen St E from the said limit of Logan Avenue; Thence southerly along the line of fence dividing in part the rear premises of the said store buildings 26 feet 6 inches to a point in the northerly face of the northerly wall of certain frame sheds standing at the date thereinbefore last mentioned upon the rear premises of the said store buildings, which point is distant 17 feet 2 1/2 inches measured westerly on a course about parallel to the said limit of Queen St E from the said limit of Logan Ave; Thence southerly along the centre line of partition between the said sheds 10 feet 3 inches to the southerly face of the said sheds; Thence westerly along the said southerly face of sheds, being about parallel to the said limit of Queen St E, 2 feet 9 1/2 inches; Thence southerly along the centre line of partition wall in an old frame building standing at the date thereinbefore last mentioned, upon the rear

premises of the said store buildings, and continuing thence southerly parallel to the said limit of Logan Ave, in all a distance of 24 feet 6 inches to a point in the northerly limit of the lane in the said Lot, which point is distant 19 feet 10-3/4 inches, measured westerly thereon from the said limit of Logan Ave; Thence easterly along the said limit of lane 19 feet 10-3/4 inches to the westerly limit of Logan Ave; Thence northerly along the said limit of Logan Ave 132 feet to the southerly limit of Queen St E aforesaid; Thence westerly along the last mentioned limit 20 FT 7 inches, more or less, to the point of commencement; Toronto, City of Toronto

## 2. Permitted Encumbrances

- (a) The reservations contained in the original grant from the Crown.
- (b) The limitations, qualifications and reservations contained in section 44(1) of the *Land Titles Act*, R.S.O. 1990, as same may apply to the Property, save and except for the provisions of subparagraph 11 thereof.
- (c) Any unregistered easements regarding the provision of utilities to the Property.
- (d) All applicable zoning and building by-laws and regulations made by the City of Toronto.
- (e) Any liens or claims in favour of the Crown, any Province, any municipality, or any political subdivision thereof, including any undetermined or inchoate charges or liens for taxes, water, hydro and other utilities accruing from day-to-day but not yet due and payable and created from time to time under the laws of the Province of Ontario, including relevant federal laws of Canada applicable herein and any unregistered statutory claims.
- (f) Any rights of expropriation, access or use or other similar right conferred or reserved by or in any statute of Canada or Ontario.
- (g) The VTB Mortgage.
- (h) The Option Agreement.

Schedule 1Definitions

Unless the context otherwise specifies or requires, the following terms shall have the meanings herein specified, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders:

"Banking Day" means any day that is not a Saturday, Sunday or banking holiday in Ontario.

"Casualty" means any act or occurrence of any kind or nature that results in material damage, loss or destruction to the Property.

"Claim" means any liability, suit, action, claim, demand, loss, expense, penalty, fine, judgment or other cost of any kind or nature whatsoever, including fees, costs and expenses of attorneys, consultants, contractors and experts.

"Code" means the *Income Tax Act* (Canada), as amended.

"Condemnation" means any taking of title to, use of, or any other interest in the Property under the exercise of the power of condemnation or eminent domain, whether temporarily or permanently, by any Governmental Authority or by any other Person acting under or for the benefit of a Governmental Authority.

"Condemnation Awards" means any and all judgments, awards of damages (including severance and consequential damages), payments, proceeds, settlements, amounts paid for a taking in lieu of Condemnation, or other compensation heretofore or hereafter made, including interest thereon, and the right to receive the same, as a result of, or in connection with, any Condemnation or threatened Condemnation.

"Credit Party" means the Borrower and/or Guarantor, as applicable.

"Default" means an event or circumstance that, with the giving of Notice or lapse of time, or both, would constitute an Event of Default under the provisions of this Agreement.

"Development" means the mixed use residential/retail/women's shelter to be constructed on the Property.

"Dispute" means any controversy, claim or dispute between or among the parties to this Agreement, including any such controversy, claim or dispute arising out of or relating to (i) this Agreement, (ii) any other Loan Document, (iii) any related agreements or instruments, or (iv) the transaction contemplated herein or therein (including any claim based on or arising from an alleged personal injury or business tort).

"875 Queen" means those lands and premises municipally known as 875 Queen Street East, Toronto, Ontario, more particularly described in Exhibit "A" hereto.



"887 Queen" means those lands and premises municipally known as 887 Queen Street East, Toronto, Ontario, more particularly described in Exhibit "A" hereto.

"Environmental Indemnity Agreement" means the Environmental Indemnity Agreement of even date herewith by and between Borrower, Guarantor, and Lender pertaining to the Property, as the same may from time to time be extended, amended, restated or otherwise modified.

"Event of Default" means any event or circumstance specified in Article 6 and the continuance of such event or circumstance beyond the applicable grace and/or cure periods therefor, if any, set forth in Article 6.

"Expenses" means all fees, charges, costs and expenses of any nature whatsoever incurred at any time and from time to time (whether before or after an Event of Default) by Lender in making, funding, administering or modifying the Loan, in negotiating or entering into any "workout" of the Loan, or in exercising or enforcing any rights, powers and remedies provided in the Mortgage or any of the other Loan Documents, including solicitors' fees, court costs, receiver's fees, management fees and costs incurred in the repair, maintenance and operation of, or taking possession of, or selling, the Property.

"Governmental Authority" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, service, district or other instrumentality of any governmental entity.

"Improvements" means a mixed use residential/retail/women's shelter building, together with all fixtures, tenant improvements and appurtenances now or later to be located on the Land and/or in such improvements.

"Insurance Proceeds" means the insurance claims under and the proceeds of any and all policies of insurance covering the Property or any part thereof, including all returned and unearned premiums with respect to any insurance relating to such Property, in each case whether now or hereafter existing or arising.

"Laws" means all federal, provincial and municipal laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of any court or other Governmental Authority having jurisdiction as may be in effect from time to time.

"Loan" means the loan from Lender to Borrower, the repayment obligations in connection therewith in accordance with this Agreement.

"Loan Amount" means the total loan advances made pursuant to Section 2.3 to a maximum of \$7,000,000.00.

"Loan Documents" means this Agreement, the Mortgage, the Environmental Indemnity Agreement and any and all other documents which Borrower or any other party or parties have executed and delivered, or may hereafter execute and deliver, to evidence, secure or guarantee

the Obligations, or any part thereof, as the same may from time to time be extended, amended, restated, supplemented or otherwise modified.

"Maturity Date" means July 6, 2014, unless extended in accordance with this Agreement.

"Mortgage" means the Mortgage/Charge of Land in favour of RioCan Mortgage Corp., as nominee for the Lender, in the amount of \$7,000,000.00 charging 875 Queen and 887 Queen as security for the Loan, as the same may be extended, amended, restated, supplemented or otherwise modified.

"Net Proceeds" when used with respect to any Condemnation Awards or Insurance Proceeds, means the gross proceeds from any Condemnation or Casualty remaining after payment of all expenses, including attorneys' fees, incurred in the collection of such gross proceeds.

"Notice" means a notice, request, consent, demand or other communication given in accordance with the provisions of Section 8.6 of this Agreement.

"Obligations" means all present and future debts, obligations and liabilities of Borrower to Lender arising pursuant to, or on account of, the provisions of this Agreement or any of the other Loan Documents to which Borrower is a party, including the obligations: (i) to pay all principal, interest, late charges, prepayment premiums (if any) and other amounts due at any time under the Note; (ii) to pay all Expenses, indemnification payments, fees and other amounts due at any time under the Mortgage or any of the other Loan Documents to which Borrower is a party, together with interest thereon as provided in the Mortgage or such Loan Document; and (iii) to perform, observe and comply with all of the terms, covenants and conditions, expressed or implied, which Borrower is required to perform, observe or comply with pursuant to the terms of this Agreement, the Mortgage or any of the other Loan Documents to which Borrower is a party.

"Option" means the option in favour of Trinity Urban Properties Inc. in the Option Agreement.

"Option Agreement" means an option agreement among RDDI and RDLL, as grantor, and Trinity Urban Properties Inc., as grantee, granting Trinity Urban Properties Inc. the option to purchase the Retail Portion of the Development.

"Permitted Encumbrances" means those encumbrances set out as such in Exhibit A hereto.

"Permitted Financings" means financing arrangements, security for which will be subsequent in priority to the Mortgage, which the Borrower is permitted to enter into with lenders providing financing for the construction, and development of the Development provided that they are on terms acceptable to the Lender acting reasonably.

"Person" means an individual, a corporation, a partnership, a joint venture, a limited liability company, a trust, an unincorporated association, any Governmental Authority or any other entity.

"Property" means collectively, 875 Queen and 887 Queen.

"Retail Portion" has the meaning ascribed to it in the Option Agreement.

"Retail Portion Purchase" means the purchase transaction in respect of the sale of the Retail Portion pursuant to the terms of the Option Agreement.

"Taxes" means all taxes and assessments whether general or special, ordinary or extraordinary, or foreseen or unforeseen, which at any time may be assessed, levied, confirmed or imposed by any Governmental Authority or any communities facilities or other private district on Borrower or on any of its properties or assets or any part thereof or in respect of any of its franchises, businesses, income or profits.

"VTB Mortgage" means the vendor-take-back mortgage granted by RDLL to the vendor upon the purchase of 887 Queen in the principal amount of \$1,200,000.00.



## GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT is dated as of this 6th day of July, 2012.

### ARTICLE 1 SECURITY INTEREST

1.1 **Creation of Security Interest.** Red Door Developments Inc., a validly existing corporation under the laws of Ontario (the "Debtor"), having its head office at 30 Hazelton Avenue, Toronto, Ontario M5R 2E2, as continuing security for the repayment and the performance of each of the Obligations (as defined in subsection 3.1 hereof) of the Debtor to RioCan Management Inc. (the "Secured Party"), having an office at RioCan Yonge Eglinton Centre, 2300 Yonge Street, Suite 500, P.O. Box 2386, Toronto, Ontario M4P 1E4, hereby mortgages, charges, assigns, transfers and sets over to the Secured Party, and hereby grants to the Secured Party a continuing, specific and fixed security interest in, all of the following present and after acquired property, assets, rights and undertaking of the Debtor, subject only to subsection 1.4 hereof:

- (a) **Accounts.** All debts, accounts, claims and monies arising from, relating to or in connection with the Lands (as defined herein) which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor or in which the Debtor now or hereafter has any other interest, and also all securities, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by the Debtor or anyone on behalf of the Debtor in respect of the said debts, accounts, claims and monies, and any part thereof (collectively, the "Accounts");
- (b) **Equipment and Fixtures.** All goods which the Debtor now or hereafter owns and which are now or at any time hereafter situate on the Lands or are now or at any time hereafter acquired by the Debtor for or in connection with the construction, sale, leasing or operation of the Lands whether or not situate on the Lands and all buildings thereon, other than Inventory (as defined herein) or consumer goods, and any part thereof including, without limitation, all tools, apparatus, fixtures, plant, machinery, furniture, chattels, all air conditioning, heating, ventilating, electrical, mechanical, plumbing, communications and data systems, appurtenances, equipment and apparatus, elevators, escalators and other conveyancing devices, all boilers, furnaces, carpets, blinds, window coverings, curtains, drapes, awnings, lighting fixtures, doors, windows, demising walls and partitions, wiring, pipes and conduits now owned or at any time hereafter owned by the Debtor (collectively, the "Equipment and Fixtures");
- (c) **Instruments.** All letters of credit, advices of credit and all other instruments in which the Debtor now or hereafter has an interest, and any part thereof, arising from, relating to or in connection with the Lands (collectively, the "Instruments");

- (d) Intangibles. All intangible property of whatever kind in which the Debtor now or hereafter has an interest that is capable of being assigned, arising from, relating to or in connection with the Lands including, without limitation, all of the Debtor's choses in action, contractual rights, warranties, agreements (including, without limitation, management agreements), leases of personal property, licence rights, licences, permits, goodwill, patents, trade marks, trade names, industrial designs, copyrights and other industrial or intellectual property (collectively, the "**Intangibles**");
- (e) Inventory. All personal property of whatever kind situate on the Lands which now or hereafter forms part of the inventory of the Debtor, in which the Debtor now or hereafter owns including, without limitation, all goods, merchandise, raw materials, goods in process, work in progress, finished goods and other tangible personal property now or hereafter held for sale, lease, resale or exchange or furnished or to be furnished under contracts for service or that are used or consumed in the business of the Debtor, and any part thereof (collectively, the "**Inventory**");
- (f) Money. All money in which the Debtor now or hereafter has an interest, and any part thereof, arising from, relating to or in connection with the Lands including, without limitation, the proceeds of all policies of insurance obtained or maintained by the Debtor in connection with the Collateral (as defined herein) (collectively, the "**Money**");
- (g) Proceeds. All present and future proceeds and personal property in any form derived directly or indirectly from any dealing with the Collateral, or any part thereof, and all present and future proceeds of proceeds, and any part thereof (collectively, the "**Proceeds**"), but this shall not derogate from or conflict with any agreement that the Secured Party may have entered into or may subsequently enter into regarding the use of proceeds or release of proceeds to the Debtor;
- (h) Contracts. All benefit of the Debtor in all leases, construction contracts, construction management agreements, trade contracts, management agreements, subtrade contracts, consultant's contracts, plans, specifications, development agreements, permits and bonds, contracts pertaining to the operation and use of the Lands (collectively, the "**Contracts**") in connection with the development on the Lands; and
- (i) Purchase and Sale Agreements. All benefit of the Debtor in all contracts of purchase and sale, interim agreements or purchase commitments and any deposits and sale proceeds paid thereunder (collectively, the "**Purchase and Sale Agreements**") in connection with the development on and sale of the Lands (as defined below).

1.2 Fixed Nature of Security Interests. Notwithstanding the Debtor's right to deal with the Inventory in the ordinary course of business as provided herein, the security interests created hereby shall operate as fixed and specific mortgages and charges of all of the Collateral presently

existing, and with respect to all future Collateral, shall operate as fixed and specific mortgages and charges of such future Collateral which shall attach immediately upon the Debtor acquiring any ownership interest therein. The security interests created hereby are not intended as and shall not be interpreted or construed as a floating charge.

1.3 **Attachment.** The Debtor acknowledges that value has been given. The security interests created hereby are intended to attach, as to all of the Collateral in which the Debtor has an interest to the extent of its interest, forthwith when the Debtor executes this General Security Agreement, and, as to all Collateral in which the Debtor acquires any interest (to the extent of such interest) after the execution of this General Security Agreement, immediately upon such acquisition.

1.4 **Exceptions**

- (a) **Leases.** The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests created hereby. Subject to the terms of such lease, the Debtor shall assign and dispose of the same in such manner as the Secured Party may from time to time direct in writing. Upon any sale, assignment, sublease or other disposition of such lease or agreement to lease, the Secured Party shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser, assignee, sublessee or such other acquirer of the lease, agreement to lease or any interest therein, be entitled by deed or other written instrument to assign to such other person, the aforesaid residue of any such term in place of the Debtor and to vest the same freed and discharged from any obligation whatsoever respecting the same, subject to compliance with the terms of the lease.
- (b) **Consumer Goods.** The security interests hereby created shall not extend to any consumer goods of the Debtor.

**ARTICLE 2**  
**DEFINITIONS**

2.1 **Collateral.** The Accounts, Equipment and Fixtures, Instruments, Intangibles, Inventory, Money, Proceeds, Contracts and Purchase and Sale Agreements together with all increases, additions, improvements and accessions thereto, and all substitutions and replacements therefor and thereof are, unless otherwise specified, herein referred to as the "**Collateral**".

2.2 **Lands.** The lands described in Schedule "A" hereto are herein called the "**Lands**".

2.3 **Defined Terms.** Unless the context otherwise requires or unless otherwise specified, all the terms used herein without initial capital letters which are defined in the *Personal Property Security Act* (Ontario) or the regulations thereunder, as they may be amended, restated or replaced by successor legislation of comparable effect (collectively, the "**PPSA**"), have the same meaning herein as in the PPSA.

**ARTICLE 3**  
**OBLIGATIONS SECURED**

3.1 **Obligations Secured.** The Collateral constitutes and will constitute continuing security for the following obligations (collectively, the "**Obligations**") of the Debtor to the Secured Party:

- (a) **Indebtedness.** The prompt payment, as and when due and payable, of all the principal sum, interest and all other amounts now or hereafter owing by the Debtor to the Secured Party, under or by virtue of that certain mortgage of the Lands (and the lands municipally known as 887 Queen Street East, Toronto, Ontario) in the principal sum of \$7,000,000.00, granted to RioCan Mortgage Corp., as nominee for the Lender, and given as security for the payment of all indebtedness and liability of the Debtor to the Secured Party (the "**Land Mortgage**") arising out of or with respect to the loan facility (the "**Loan**") in the maximum principal amount of set out in the Loan Agreement (as hereinafter defined) made or to be made by the Secured Party and Red Door Lands Ltd. to the Debtor pursuant to a loan agreement dated July 6, 2012 (the "**Loan Agreement**"), whether now existing or hereafter incurred, matured or unmatured, direct or indirect, joint or several, absolute or contingent including any extensions, renewals and modifications thereof, and all future advances and re-advances (collectively, the "**Indebtedness**"); and
- (b) **Performance of Agreements.** The strict performance and observance by the Debtor of all agreements, warranties, representations, covenants, conditions and provisos of the Debtor made pursuant to this General Security Agreement, the Land Mortgage and any other agreement between the Debtor and the Secured Party with respect to the Loan or any security held by the Secured Party with respect to the Loan which is collateral to this General Security Agreement or the Land Mortgage, all as now in effect or as hereafter entered into or amended.

**ARTICLE 4**  
**DEBTOR'S REPRESENTATIONS AND WARRANTIES**

4.1 **General.** The Debtor represents and warrants to and for the benefit of the Secured Party as follows:

- (a) **Corporate Power.** The Debtor has full power and lawful authority to enter into this General Security Agreement and to grant the security interests hereby created.
- (b) **Enforceability.** This General Security Agreement constitutes a valid and legally binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights generally and to general principles of equity.
- (c) **No Default.** The Debtor is not in breach of any material agreement to which it is a party.



- (d) Ownership and Collateral Free of Encumbrances. The Debtor is the owner of or has rights in the Collateral free and clear of all other security interests, mortgages, hypothecs, pledges, liens, claims, charges, whether fixed or floating, or other encumbrances whatsoever (collectively, the "**Encumbrances**") other than the permitted encumbrances, if any, set forth in Schedule B hereto (the "**Permitted Encumbrances**").
- (e) Location of Collateral. The Equipment and Fixtures will be maintained on the Lands.
- (f) Insurance. The Collateral is insured in accordance with the terms hereof.

4.2 **Reliance and Survival.** All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Secured Party are material, shall survive the execution and delivery of this General Security Agreement and shall continue in full force and effect. The Secured Party is deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

4.3 **Good Standing.** The Debtor shall use its continuing and reasonable efforts to ensure that the representations and warranties remain true and correct during the term of this General Security Agreement.

## **ARTICLE 5**

### **DEBTOR'S COVENANTS**

5.1 **General.** Unless compliance with the following covenants is waived in writing by the Secured Party or unless non-compliance with any such covenants is otherwise consented to by the Secured Party by written agreement with the Debtor, the Debtor covenants and agrees with the Secured Party to observe and perform each of the covenants set out in this Section 5.

5.2 **Keep Collateral in Good Repair.** The Debtor will keep the Collateral in good order, condition and repair.

5.3 **Performance by Debtor.** The Debtor will observe and perform all the Obligations imposed upon the Debtor by or in respect of the Collateral, maintain the Collateral in good standing and not do or permit to be done anything to impair and not omit to do anything that would impair the security or enforceability thereof. The Debtor will not execute or grant any other assignment, transfer, mortgage, charge or security interest in the Collateral unless it is expressly subject hereto, and will not default under any provisions of any of the Collateral or, except in the ordinary course of business, do any of the following without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld, conditioned or delayed: (a) amend the Collateral, (b) give any consent, concession or waiver or exercise any option of the Debtor permitted by such terms, or (c) cancel or terminate the Collateral or accept the surrender thereof.

5.4 **Notice of Default by Debtor.** The Debtor will cause notice to be given to the Secured Party of any default by the Debtor pursuant to any of the Collateral promptly upon becoming aware of the occurrence of such default.

5.5 **Conduct of Business.** The Debtor will carry on and conduct its business in a proper and efficient manner so as to protect and preserve the Collateral.

5.6 **Servicing of Payables.** The Debtor will pay when due all amounts which are payable by it howsoever arising in respect of the Collateral, including without limiting the generality of the foregoing, all rents, charges, taxes, rates, levies, assessments, fees and duties of every nature which may be levied, assessed or imposed against or in respect of the Collateral or the Debtor and will provide the Secured Party with evidence of such payment upon request.

5.7 **Compliance with Agreements and Laws.** The Debtor will not use or permit any person to use the Collateral in violation of this General Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation, court order or ordinance.

5.8 **Notice of Encumbrances and Proceedings.** The Debtor will promptly notify the Secured Party of any Encumbrance made or asserted against any of the Collateral, and of any suit, action or proceeding affecting any of the Collateral or which could affect the Debtor. The Debtor will, at its own expense, defend the Collateral against any and all such Encumbrances and against any and all such suits, actions or proceedings.

5.9 **No Accessions.** The Debtor will prevent the Collateral from becoming an accession to any property other than the Collateral.

5.10 **Marking the Collateral.** The Debtor will, at the request of the Secured Party, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the security interests hereby created.

5.11 **Disposition of Collateral.** The Debtor will not assign, sell, lease, exchange, or otherwise dispose of the Collateral or any interest therein except:

- (a) Inventory in the ordinary course of business on customary trade terms; and
- (b) Equipment and Fixtures which have become worn out, damaged or otherwise unsuitable for its purpose, on condition that, except as may be appropriate in the normal course of business, the Debtor substitute for such Equipment and Fixtures property of equal value free from all Encumbrances as would a prudent business person. Such substituted property shall become part of the Collateral as soon as the Debtor acquires any interest in it.

5.12 **Encumbrances.** Except for the Permitted Encumbrances, the Debtor will not create, assume or suffer to exist any Encumbrance in, of or on any of the Collateral.

5.13 **Change of Name.** The Debtor will not change its name or any name under which it carries on business without giving to the Secured Party twenty (20) days' prior written notice of

the change and obtaining the Secured Party's consent, which consent will not be unreasonably withheld, conditioned or delayed, but this shall not derogate from any rights that the Debtor may have to transfer or assign the Collateral to its related entities.

5.14 **Notice of Loss of Collateral.** The Debtor will immediately give written notice to the Secured Party of:

- (a) all loss or damage to or loss of possession of the Collateral otherwise than by disposition in accordance with the terms hereof; and
- (b) any failure of any Account Debtor in payment or performance of obligations due to the Debtor which may affect the Collateral.

5.15 **Inspection of Records and Collateral.** The Debtor will at all times keep accurate and complete records of the Collateral as well as proper books of account for its business all in accordance with generally accepted accounting principles, consistently applied. The Debtor will permit the Secured Party or its authorized agents to have access to all premises occupied by the Debtor or any place where the Collateral may be found on 24 hours' prior written notice (other than in emergencies or after demand has been made on the Debtor, when no notice will be required) to inspect the Collateral and to examine the books of account, financial records and reports of the Debtor to make copies of and take extracts from such books, records and reports.

5.16 **Access to Computer Information.** In the event that the use of a computer system is required to obtain any information and data which the Secured Party is entitled to have and examine hereunder, the Debtor will allow the Secured Party the use of its computer system for such purpose and will provide assistance in that regard.

5.17 **Delivery of Documents.** The Debtor will promptly deliver to the Secured Party upon the written request of the Secured Party:

- (a) **Instruments.** Any Instruments and upon such delivery, where applicable, duly endorse the same for transfer in blank or as the Secured Party may direct;
- (b) **Financial Statements.** All financial statements prepared by or for the Debtor regarding the Debtor's business;
- (c) **Policies of Insurance.** All policies and certificates of insurance relating to the Collateral;
- (d) **Agreements.** All agreements, licences, permits and consents relating to the Collateral and the Debtor's business; and
- (e) **Other Information.** Such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably request.

5.18 **Risk and Insurance.** The Debtor will bear the sole risk of any loss, damage, destruction or confiscation of or to the Collateral during the Debtor's possession hereunder or otherwise after

default hereunder. The Debtor will comply with insurance requirements specified in any agreement between it and the Secured Party.

5.19 **Proceeds In Trust.** After written demand has been made by and the Secured Party has accelerated the Indebtedness, the Debtor will and shall be deemed to hold all Proceeds, in trust, then in its possession and thereafter received separate and apart from other Money, Instruments or property, for the benefit of the Secured Party until all amounts owing by the Debtor to the Secured Party have been paid in full.

## **ARTICLE 6**

### **COLLECTION OF ACCOUNTS**

6.1 **Collection of Accounts.** The Secured Party may, after the occurrence of an Event of Default (as defined herein) under this General Security Agreement, notify and direct any Account Debtor to make all payments whatever to the Secured Party. The Secured Party may hold all amounts acquired from any Account Debtors and any Proceeds as part of the Collateral. Any payments received by the Debtor after notification to Account Debtors shall be held by the Debtor in trust for the Secured Party in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be turned over to the Secured Party not later than the next business day following the day of their receipt.

## **ARTICLE 7**

### **DEFAULT**

7.1 **Default.** The Debtor shall be in default under this General Security Agreement upon the occurrence of any of the following events ("**Events of Default**"):

- (a) **Performance of Obligations.** The Debtor defaults in the payment or performance of any of the Obligations beyond the time, if any, set out for the curing of such default in the Loan Agreement;
- (b) **Breach of Agreement.** The Debtor breaches any material term, provision, warranty, representation or covenant under this General Security Agreement which is not cured within the earlier of: (a) ten (10) days of receipt of notice from the Secured Party; and (b) the time, if any, for curing such default in the Loan Agreement; provided, however, that if such default is, by its nature, not susceptible to curing during the said cure period and the Collateral is not impaired, the cure period shall be extended as necessary to accommodate the efforts of the Debtor to effectuate a cure provided that the Debtor continuously and diligently (subject to normal force majeure events) prosecutes its efforts to cure to completion;
- (c) **Cease to Carry on Business.** The Debtor ceases to carry on business;
- (d) **Bankruptcy.** The dissolution, termination of existence or bankruptcy of the Debtor or the appointment of a receiver, receiver-manager or receiver and manager of all of the property of the Debtor or the commencement by or against

the Debtor of any proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency or similar law for the relief of or otherwise affecting creditors of the Debtor or the issue of any writ of execution, warrant, attachment, sequestration, levy, third party demand or garnishment or similar process against any part of the Collateral;

- (e) Commit Act of Bankruptcy. The Debtor commits an act of bankruptcy;
- (f) Dissolution, Winding-Up. The institution by or against the Debtor of any formal proceeding for the dissolution or liquidation of, or winding-up of affairs of, the Debtor provided that if such proceedings are instituted against and not by the Debtor, the Debtor shall have 30 days to have such proceedings withdrawn unless the Secured Party or the Collateral is materially adversely affected;
- (g) Charge Against Collateral. If any right of distress is levied against the Collateral or if any Encumbrance affecting the Collateral becomes enforceable against the Collateral or any part thereof and same materially adversely affects the Secured Party's interest in the Collateral or the Debtor's ability to perform the Obligations; and
- (h) Destruction of Collateral. Any material portion of the Collateral is damaged or destroyed and same materially affects the Secured Party's interest in the Collateral or the Debtor's ability to perform the Obligations and the loss, in the opinion of the Secured Party, acting reasonably, is not adequately insured and the Debtor fails to deposit forthwith the deficiency with the Secured Party.

7.2 **Waiver not to Affect Subsequent Breach**. The Secured Party may waive default or any breach by the Debtor of any of the provisions contained in this General Security Agreement. No waiver shall extend to a subsequent breach or default, whether or not the same as or similar to the breach or default waived. No act or omission of the Secured Party shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of the Debtor or the rights of the Secured Party resulting therefrom. Any such waiver must to be in writing and signed by the Secured Party to be effective.

## ARTICLE 8

### **SECURED PARTY'S REMEDIES ON DEFAULT**

8.1 **Indebtedness Due and Rights and Remedies**. Upon the occurrence of an Event of Default all of the Obligations shall, at the option of the Secured Party and notwithstanding the other provisions of this General Security Agreement, become immediately due and payable five business days after notice is given to the Debtor (or if the validity of the charge of this General Security Agreement or the value of the Collateral would be materially jeopardized by the delay, then without notice) of the occurrence of an Event of Default, and the Secured Party may, at its option, proceed to enforce payment of same and to exercise any or all of the rights and remedies contained herein including, without limitation, the signification and collection of the Debtor's Accounts, or otherwise afforded by law, in equity or otherwise. The Secured Party shall have the right to enforce one or more remedies successively or concurrently in accordance with applicable

law and the Secured Party expressly retains all rights and remedies not inconsistent with the provisions herein including all the rights it may have under the PPSA, and, without restricting the generality of the foregoing, the Secured Party may upon an Event of Default:

- (a) Appointment of Receiver. Institute proceedings in any court of competent jurisdiction for the appointment of a receiver, receiver-manager or receiver and manager (a "**Receiver**") of all or any part of the Collateral and seek the removal or replacement of the judicially-appointed Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by the Secured Party so far as concerns responsibility for its acts shall be deemed to be the agent of the Debtor and not of the Secured Party. Where the Secured Party is referred to in this Section 8 the reference includes, where the context permits, any Receiver so appointed and the officers, employees, servants or agents of the Receiver;
- (b) Enter and Repossess. Immediately and without notice enter the Debtor's premises and repossess, disable or remove the Collateral and the Debtor hereby grants to the Secured Party a licence to occupy any premises of the Debtor for the purpose of storing the Collateral;
- (c) Retain the Collateral. Retain and administer the Collateral in the Secured Party's sole and unfettered discretion, which the Debtor hereby acknowledges is commercially reasonable;
- (d) Dispose of the Collateral. Dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor. The Secured Party may, at its discretion, establish the terms of disposition including, without limitation, terms and conditions as to credit, upset, reserve bid or price. The Secured Party may also lease the Collateral on terms it deems appropriate. The payments for Collateral, whether on a disposition or lease, may be deferred provided such deferral is commercially reasonable. All payments made pursuant to such dispositions shall be credited against the Obligations only as they are actually received. The Secured Party may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Secured Party has taken possession of the Collateral;
- (e) Acceptance. Foreclose upon the Collateral in satisfaction of the Obligations. The Secured Party may designate any part of the Obligations to be satisfied by the foreclosure of particular Collateral which the Secured Party considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be deemed to be satisfied by the foreclosure of the particular Collateral;
- (f) Carry on Business. Carry on or concur in the carrying on of all or any part of the business of the Debtor with respect to the Collateral and may, in any event, to the

exclusion of all others, including the Debtor but in compliance with applicable leases, enter upon, occupy and use all premises of or occupied or used by the Debtor with respect to the Collateral and use any of the personal property (which shall include fixtures) of the Debtor with respect to the Collateral for such time and such purposes as the Secured Party sees fit. The Secured Party shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, costs, charges, depreciation or damages in connection therewith other than in respect of its gross negligence or willful misconduct or unlawful acts and then only to the extent that the Debtor does not recover insurance proceeds;

- (g) Payment of Encumbrances. Pay any Encumbrance that may exist or be threatened against the Collateral. In any such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations secured by this General Security Agreement;
- (h) Payment of Deficiency. If the proceeds of realization are insufficient to pay all monetary Obligations, the Debtor shall forthwith pay or cause to be paid to the Secured Party any deficiency and the Secured Party may sue the Debtor to collect the amount of the deficiency;
- (i) Dealing with Collateral. Subject to applicable law, seize, collect, realize, borrow money on the security of, release to third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and at such place or places and for such consideration as may seem to the Secured Party advisable and without notice to the Debtor. The Secured Party may charge on its own behalf and pay to others sums for expenses incurred and for services rendered (expressly including legal services, consulting, receiver's and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add such sums to the Obligations secured by this General Security Agreement; and
- (j) Treat as Real Property. Proceed as to both the Collateral and the Lands or any part or parts thereof under the Land Mortgage as if the Collateral were real property charged by the Land Mortgage.

8.2 Assemble the Collateral. To assist the Secured Party in the implementation of such rights and remedies the Debtor will, at its own risk and expense and at the Secured Party's request, assemble and prepare for removal such items of the Collateral as are selected by the Secured Party as shall, in the Secured Party's sole judgment, have a value sufficient to cover all the Obligations.

8.3 Secured Party Not Liable for Failure to Exercise Remedies. The Secured Party shall not be liable or accountable for any delay or failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral and shall not be bound to institute proceedings for such purposes or for the purpose of preserving any

rights, remedies or powers of the Secured Party, the Debtor or any other person in respect of same.

8.4 **Allocation of Proceeds.** All monies collected or received by the Secured Party in respect of the Collateral may be held by the Secured Party and may be applied on account of any parts of the Obligations at the sole discretion of the Secured Party.

8.5 **Extension of Time.** The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with the Debtor's guarantors or sureties and others and with the Collateral and other securities as the Secured Party may see fit without affecting the liability of the Debtor to the Secured Party, or the Secured Party's rights, remedies and powers under this General Security Agreement.

8.6 **Forbearance is not Waiver.** No extension of time, forbearance, indulgence or other accommodation now, heretofore or hereafter given by the Secured Party to the Debtor shall operate as a waiver, alteration or amendment of the rights of the Secured Party or otherwise preclude the Secured Party from enforcing such rights.

8.7 **Effect of Appointment of Receiver.** As soon as the Secured Party takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Secured Party or the Receiver.

8.8 **Limitation of Liability.** Except in respect of its gross negligence, willful misconduct or unlawful acts, the Secured Party shall not be liable by reason of any entry into or taking possession of any of the Collateral hereby charged or intended so to be or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Debtor acknowledges and agrees that any and all payments, responsibilities, burdens, obligations and liabilities in respect of the Collateral shall remain those of the Debtor and no such payments, responsibilities, burdens, obligations or liabilities are assigned hereby nor are assumed or incurred by the Secured Party hereunder and the Secured Party shall not be in any way liable or obligated to do or perform any acts to repair, protect, enforce or otherwise deal with the Collateral or any part thereof.

8.9 **Release by Debtor.** The Debtor hereby releases and discharges the Secured Party and the Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Debtor or any person claiming through or under the Debtor by reason or as a result of any acts or omissions of the Secured Party or any successor or assign claiming through or under the Secured Party or the Receiver under the provisions of this General Security Agreement other than acts or omissions attributable to gross negligence, willful misconduct or unlawful acts of the Secured Party, and then only to the extent that the Debtor does not recover insurance proceeds.

8.10 **Performance by Secured Party.** Nothing herein shall obligate the Secured Party to assume or perform any obligation of the Debtor to any third party in respect or arising out of the



Collateral or any of them and the Debtor hereby agrees to indemnify and save harmless the Secured Party from any and all claims of such third parties. The Secured Party may however at its option assume or perform any such obligations which the Secured Party considers necessary or desirable to obtain the benefit of the Collateral or any part thereof free of any set off, deduction or abatement and any money so expended by the Secured Party shall form part of the Indebtedness and bear interest at the rate from time to time applicable to the outstanding balance of the Indebtedness secured by this General Security Agreement.

## **ARTICLE 9**

### **MISCELLANEOUS**

9.1 **Costs.** The Debtor will reimburse the Secured Party on demand for all interest, commissions, costs of realization and other costs and expenses (including the full amount of all reasonable legal fees and expenses paid by the Secured Party) incurred by the Secured Party or any Receiver in connection with:

- (a) the registration and renewal of any financing statement registered, or land title office notice filed, in connection with the security interests hereby created;
- (b) the preparation, execution, perfection, protection, enforcement of and advice with respect to this General Security Agreement;
- (c) the realization, disposition, retention, protection, insuring or collection of any Collateral;
- (d) the protection or enforcement of the rights, remedies and powers of the Secured Party or any Receiver;
- (e) the inspection of the Collateral; and
- (f) the investigation of title to the Collateral.

All amounts for which the Debtor is required hereunder to reimburse the Secured Party or any Receiver shall, from the date of disbursement until the date the Secured Party or the Receiver receives reimbursement, be deemed advanced to the Debtor by the Secured Party, shall be deemed to be Obligations and shall bear interest at the highest rate per annum charged by the Secured Party on any of the other Obligations.

9.2 **Appointment of Attorney.** The Debtor hereby irrevocably constitutes and appoints the Secured Party, or any Receiver, the true and lawful attorney of the Debtor with full power of substitution to do, make and execute all assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient after the occurrence of and during the continuance of an Event of Default. The Debtor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest, is given for valuable consideration.

9.3 **No Obligation to Make Advances.** The Debtor acknowledges and agrees that the Secured Party is not obligated to make any advance or loan or further advance or extend credit to the Debtor, but this shall not derogate from the terms of the Loan Agreement.

9.4 **Security Interests Effective Immediately.** Neither the execution of, nor any filing with respect to, this General Security Agreement shall bind the Secured Party to grant any credit to the Debtor, but the security interests hereby created shall take effect forthwith upon the execution of this General Security Agreement by the Debtor.

9.5 **Security in Addition and not in Substitution, Remedies Cumulative.** The rights, remedies and powers conferred by this General Security Agreement are in addition to, and not in substitution for, any other rights, remedies or powers the Secured Party may have under the Land Mortgage, this General Security Agreement, at law, in equity or by or under the PPSA or any other statute. The Secured Party may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Secured Party shall be exclusive of or dependent on any other. The Secured Party may exercise any of its rights, remedies or powers separately or in combination and at any time. The Secured Party may exercise any or all rights hereunder in respect of any part of the Collateral separately and whether or not the Secured Party in its discretion exercises its rights in respect of any or all of the remaining Collateral.

9.6 **Statutory Waiver.** To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection given by the provisions of the PPSA or any existing or future statute which imposes limitations upon the rights, remedies or powers of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

9.7 **Provisions Reasonable.** The Debtor acknowledges that the provisions of this General Security Agreement and, in particular, those respecting rights, remedies and powers of the Secured Party and any Receiver against the Debtor, its business and any Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.

9.8 **Further Assurances.** The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, general security agreements and assurances as the Secured Party may reasonably require in order to give effect to the provisions hereof and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the security interests hereby created and the priority accorded to them by law or under this General Security Agreement.

9.9 **Communications.** In this General Security Agreement, any notice, demands, requests or other communication required or permitted to be given hereunder shall be in writing and, unless and until otherwise specified in a written notice by the party to whom notice is intended to be given, shall be sent to the parties at the following addresses:

if to the Debtor:

Red Door Developments Inc.  
30 Hazelton Avenue  
Toronto, Ontario M5R 2E2

Attention: Norma Walton  
Facsimile: (416) 489-9973

if to the Secured Party:

RioCan Management Inc.  
RioCan Yonge Eglinton Centre  
2300 Yonge Street, Suite 500  
P.O. Box 2386  
Toronto Ontario M4P 1E4

Attention: Jonathan Gitlin  
Facsimile: (416) 866-3020

Notices may be given on behalf of any party by its legal counsel. Each such notice, demand, request or other communication shall be deemed to have been given upon actual receipt or first refusal of the addressee to accept delivery after having been (i) mailed by certified mail, return receipt requested, postage prepaid, to its addressee at such party's address as set forth above, or (ii) tendered to a nationally recognized overnight courier service for next business day delivery to its addressee at such party's address as set forth above, or (iii) transmitted by facsimile transmission to the facsimile transmission number of each party set out above (or such other facsimile transmission number as any party may designate in the manner set out above) provided that such facsimile transmission is sent only on a Business Day (as defined in the Loan Agreement) between the hours of 8:00 a.m. and 4:00 p.m. Vancouver time, and provided, further, that a copy thereof is sent to the addressee on the date of facsimile transmission by the method of furnishing notice to which reference is made in the immediately preceding subsection (ii).

9.10 **Discharge.** Upon payment and performance by the Debtor of the Obligations secured hereby the Secured Party shall within fifteen (15) days after request in writing by the Debtor and at the expense of the Debtor cancel and discharge the security interests hereby created.

9.11 **Delivery of Copy/Waiver.** The Debtor hereby acknowledges receiving a copy of this General Security Agreement. The Debtor waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement after the initial filing in respect of this General Security Agreement.

9.12 **Where Consent Required.** Nothing herein shall constitute an assignment or attempted assignment of any right, privilege, benefit, contract, permit, policy or other document or instrument which by the provisions thereof or by law is not assignable or which requires the consent of any third party to its assignment unless such is obtained. In each such case the Debtor shall, unless the Secured Party otherwise agrees in writing, forthwith obtain the consent of any necessary third party to its assignment hereby and for its further assignment by the Secured Party to any third party who may acquire same as a result of the Secured Party's exercise of remedies after an Event of Default and upon such consents being obtained or waived, this General Security Agreement shall apply thereto without regard to this subsection 9.12 and without the necessity of any further assurance to effect the assignment thereof.

9.13 **Pending Consent.** In any case to which subsection 9.12 applies, unless and until consent to assignment is obtained as therein provided, the Debtor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest therein referred to, hold all benefit to be derived therefrom in trust for the Secured Party as additional security for the performance of the Obligations and shall deliver up all such benefit to the Secured Party forthwith upon demand by the Secured Party.

9.14 **Until Default.** Until the occurrence of an Event of Default, the Debtor shall, except as may be provided by this General Security Agreement, be entitled to receive all amounts payable pursuant to the Collateral and to exercise its rights with respect thereto.

9.15 **Security.** This General Security Agreement shall be held by the Secured Party as continuing security for the performance by the Debtor of the Obligations and not in satisfaction of the Obligations or any of them.

## **ARTICLE 10** **INTERPRETATION**

10.1 **Entire Agreement/Amendment.** This General Security Agreement contains the entire agreement between the parties relating to the security interests hereby created. Any amendment of this General Security Agreement shall not be binding unless in writing and signed by the Secured Party and the Debtor. There are no representations, warranties, covenants or acknowledgements affecting this General Security Agreement or the Collateral or relied upon in entering into this General Security Agreement, other than as set out herein in writing.

10.2 **Severability.** If any term, covenant or condition of this General Security Agreement, or the application thereof to any person or circumstance, shall be determined to be unenforceable by a court of competent jurisdiction (the "**Offending Provision**"), then the remainder of this General Security Agreement, or the application of such term, covenant or condition to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and each term, covenant and condition of this General Security Agreement shall be valid and enforced to the fullest extent permitted by law; provided, however, that the parties affected by the Offending Provision shall endeavour in good faith, within 60 days after the date such determination is made, to agree upon alternative provisions which shall have the same practical effect as the Offending Provision and upon any agreement being reached, the new provision shall be incorporated into and form a part of this General Security Agreement.

10.3 **Headings.** All headings and titles in this General Security Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

10.4 **Included Words.** Wherever the singular or the masculine is used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

10.5 **Applicable Law.** This General Security Agreement shall be construed and enforceable under and in accordance with the laws of Ontario. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the laws of Ontario.

10.6 **Binding Effect.** This General Security Agreement shall be binding on the Debtor and its successors, heirs, administrators and executors, and enure to the benefit of the Secured Party and the successors and assigns of the Secured Party.

**IN WITNESS WHEREOF** the Debtor has executed this General Security Agreement.

**RED DOOR DEVELOPMENTS INC.**

Per: 

Name: Norma Walton

Title: President

*I have authority to bind the Corporation*

## SCHEDULE "A"

### Legal Description of Lands

<b>Municipal Address:</b>	875 Queen Street East, Toronto
<b>Firstly</b> <b>PIN 21055-0064 (LT):</b>	Parcel A-1, Section M204; Lot A, Plan M204, Toronto; Toronto, City of Toronto
<b>Secondly</b> <b>PIN 21055-0065 (LT):</b>	Parcel B-1, Section M204; Lot B, S/S Queen St East, Plan M204, Toronto; Lot C, S/S Queen St East, Plan M204, Toronto; Lot D, S/S Queen St East, Plan M204, Toronto; Part Lot E, S/S Queen St East, Plan M204, Toronto, commencing at the north westerly angle of said Lot B; Thence easterly along the northerly limits of said Lots B, C, D and E, being along the southerly limit of Queen St E, 97 feet 7 1/4 inches, more or less, to a point in the northerly limit of said Lot E distant 22 feet 9 1/4 inches measured westerly thereon from the north easterly angle thereof; Thence southerly in a straight line 132 feet, more or less, to a point in the southerly limit of said Lot E distant 22 feet 9 1/4 inches measured westerly thereon from the south easterly angle of said Lot E; Thence westerly along the southerly limits of said Lots E, D, C and B, 97 feet 7 1/4 inches, more or less, to the south westerly angle of said Lot B; Thence northerly along the westerly limit of said Lot B, 132 feet, more or less, to the point of commencement; Toronto, City of Toronto
<b>Thirdly</b> <b>PIN 21055-0066 (LT):</b>	Parcel G-2, Section M204; Part Lot G, Plan M204, Toronto; Part Lot H, Plan M204, Toronto, Part 2, R3025; Toronto, City of Toronto
<b>Fourthly</b> <b>PIN 21055-0067 (LT):</b>	Parcel 3215, Section P, Toronto; Part Lot E, Plan M204, Toronto; Part Lot F, Plan M204, Toronto; Part Lot G, Plan M204, Toronto, Commencing at a point in the southerly limit of Queen St E distant twenty-two feet nine and one-quarter inches (22' 9 1/4") measured westerly thereon from the north easterly angle of the said Lot E; Thence southerly in a straight line one hundred and thirty-two feet (132') more or less to a point in the southerly limit of said Lot distant twenty-two feet

nine and one-half inches (22' 9 1/4") measured westerly thereon from the southeast angle of the said Lot; Thence easterly along the southerly limit of said Lots E, F, and G a distance of seventy-eight feet five and one-half inches (78' 5 1/2") more or less to a point distant thirty-five feet nine and one-quarter inches (35' 9 1/4") measured westerly thereon from the westerly limit of Logan Avenue; Thence northerly to and along the easterly face of the easterly wall of an Old Frame Barn standing on the lands herein described in May, 1922 and along the westerly face of the westerly wall of a frame shed standing in May, 1922 on the lands immediately to the east of the lands herein described and along the line of the fence running northerly therefrom and continuing thence northerly in a straight line to a point in the production southerly of the western fact of the westerly wall of the main part of the Store Building standing in May, 1922 upon the land immediately to the east of the lands herein described, which point is distant three feet (3') measured southerly along the said production from the south westerly angle of the said main part of the said Store Building, the said point being distant also ninety-four feet seven inches (94' 7") more or less northerly from the southerly limit of the said Lot G; Thence westerly and parallel to the SLY limit of Queen St E two feet (2'); Thence northerly to and along the line drawn parallel to the said westerly face of the westerly wall of the said main part of the said Store Building and distant two feet (2') westerly therefrom and along the northerly production of the same, in all a distance of thirty-seven feet five inches (37' 5") to the southerly limit of Queen St E aforesaid; Thence westerly along the last mentioned limit seventy-five feet (75') more or less to the point of commencement except Part 3, R3025; Toronto, City of Toronto

**SCHEDULE "B"****Permitted Encumbrances Re: Collateral**

NIL





## GENERAL SECURITY AGREEMENT

THIS GENERAL SECURITY AGREEMENT is dated as of this 6th day of July, 2012.

### ARTICLE 1 SECURITY INTEREST

1.1 **Creation of Security Interest.** Red Door Lands Ltd., a validly existing corporation under the laws of Ontario (the "**Debtor**"), having its head office at 30 Hazelton Avenue, Toronto, Ontario M5R 2E2, as continuing security for the repayment and the performance of each of the Obligations (as defined in subsection 3.1 hereof) of the Debtor to RioCan Management Inc. (the "**Secured Party**"), having an office at RioCan Yonge Eglinton Centre, 2300 Yonge Street, Suite 500, P.O. Box 2386, Toronto, Ontario M4P 1E4, hereby mortgages, charges, assigns, transfers and sets over to the Secured Party, and hereby grants to the Secured Party a continuing, specific and fixed security interest in, all of the following present and after acquired property, assets, rights and undertaking of the Debtor, subject only to subsection 1.4 hereof:

- (a) **Accounts.** All debts, accounts, claims and monies arising from, relating to or in connection with the Lands (as defined herein) which now are, or which may at any time hereafter be, due or owing to or owned by the Debtor or in which the Debtor now or hereafter has any other interest, and also all securities, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by the Debtor or anyone on behalf of the Debtor in respect of the said debts, accounts, claims and monies, and any part thereof (collectively, the "**Accounts**");
- (b) **Equipment and Fixtures.** All goods which the Debtor now or hereafter owns and which are now or at any time hereafter situate on the Lands or are now or at any time hereafter acquired by the Debtor for or in connection with the construction, sale, leasing or operation of the Lands whether or not situate on the Lands and all buildings thereon, other than Inventory (as defined herein) or consumer goods, and any part thereof including, without limitation, all tools, apparatus, fixtures, plant, machinery, furniture, chattels, all air conditioning, heating, ventilating, electrical, mechanical, plumbing, communications and data systems, appurtenances, equipment and apparatus, elevators, escalators and other conveyancing devices, all boilers, furnaces, carpets, blinds, window coverings, curtains, drapes, awnings, lighting fixtures, doors, windows, demising walls and partitions, wiring, pipes and conduits now owned or at any time hereafter owned by the Debtor (collectively, the "**Equipment and Fixtures**");
- (c) **Instruments.** All letters of credit, advices of credit and all other instruments in which the Debtor now or hereafter has an interest, and any part thereof, arising from, relating to or in connection with the Lands (collectively, the "**Instruments**");

- (d) Intangibles. All intangible property of whatever kind in which the Debtor now or hereafter has an interest that is capable of being assigned, arising from, relating to or in connection with the Lands including, without limitation, all of the Debtor's choses in action, contractual rights, warranties, agreements (including, without limitation, management agreements), leases of personal property, licence rights, licences, permits, goodwill, patents, trade marks, trade names, industrial designs, copyrights and other industrial or intellectual property (collectively, the "**Intangibles**");
- (e) Inventory. All personal property of whatever kind situate on the Lands which now or hereafter forms part of the inventory of the Debtor, in which the Debtor now or hereafter owns including, without limitation, all goods, merchandise, raw materials, goods in process, work in progress, finished goods and other tangible personal property now or hereafter held for sale, lease, resale or exchange or furnished or to be furnished under contracts for service or that are used or consumed in the business of the Debtor, and any part thereof (collectively, the "**Inventory**");
- (f) Money. All money in which the Debtor now or hereafter has an interest, and any part thereof, arising from, relating to or in connection with the Lands including, without limitation, the proceeds of all policies of insurance obtained or maintained by the Debtor in connection with the Collateral (as defined herein) (collectively, the "**Money**");
- (g) Proceeds. All present and future proceeds and personal property in any form derived directly or indirectly from any dealing with the Collateral, or any part thereof, and all present and future proceeds of proceeds, and any part thereof (collectively, the "**Proceeds**"), but this shall not derogate from or conflict with any agreement that the Secured Party may have entered into or may subsequently enter into regarding the use of proceeds or release of proceeds to the Debtor;
- (h) Contracts. All benefit of the Debtor in all leases, construction contracts, construction management agreements, trade contracts, management agreements, subtrade contracts, consultant's contracts, plans, specifications, development agreements, permits and bonds, contracts pertaining to the operation and use of the Lands (collectively, the "**Contracts**") in connection with the development on the Lands; and
- (i) Purchase and Sale Agreements. All benefit of the Debtor in all contracts of purchase and sale, interim agreements or purchase commitments and any deposits and sale proceeds paid thereunder (collectively, the "**Purchase and Sale Agreements**") in connection with the development on and sale of the Lands (as defined below).

1.2 Fixed Nature of Security Interests. Notwithstanding the Debtor's right to deal with the Inventory in the ordinary course of business as provided herein, the security interests created hereby shall operate as fixed and specific mortgages and charges of all of the Collateral presently

existing, and with respect to all future Collateral, shall operate as fixed and specific mortgages and charges of such future Collateral which shall attach immediately upon the Debtor acquiring any ownership interest therein. The security interests created hereby are not intended as and shall not be interpreted or construed as a floating charge.

1.3 **Attachment.** The Debtor acknowledges that value has been given. The security interests created hereby are intended to attach, as to all of the Collateral in which the Debtor has an interest to the extent of its interest, forthwith when the Debtor executes this General Security Agreement, and, as to all Collateral in which the Debtor acquires any interest (to the extent of such interest) after the execution of this General Security Agreement, immediately upon such acquisition.

1.4 **Exceptions**

- (a) **Leases.** The last day of any term reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor is hereby excepted out of the security interests created hereby. Subject to the terms of such lease, the Debtor shall assign and dispose of the same in such manner as the Secured Party may from time to time direct in writing. Upon any sale, assignment, sublease or other disposition of such lease or agreement to lease, the Secured Party shall, for the purpose of vesting the aforesaid residue of any such term in any purchaser, assignee, sublessee or such other acquirer of the lease, agreement to lease or any interest therein, be entitled by deed or other written instrument to assign to such other person, the aforesaid residue of any such term in place of the Debtor and to vest the same freed and discharged from any obligation whatsoever respecting the same, subject to compliance with the terms of the lease.
- (b) **Consumer Goods.** The security interests hereby created shall not extend to any consumer goods of the Debtor.

**ARTICLE 2**  
**DEFINITIONS**

2.1 **Collateral.** The Accounts, Equipment and Fixtures, Instruments, Intangibles, Inventory, Money, Proceeds, Contracts and Purchase and Sale Agreements together with all increases, additions, improvements and accessions thereto, and all substitutions and replacements therefor and thereof are, unless otherwise specified, herein referred to as the "**Collateral**".

2.2 **Lands.** The lands described in Schedule "A" hereto are herein called the "**Lands**".

2.3 **Defined Terms.** Unless the context otherwise requires or unless otherwise specified, all the terms used herein without initial capital letters which are defined in the *Personal Property Security Act* (Ontario) or the regulations thereunder, as they may be amended, restated or replaced by successor legislation of comparable effect (collectively, the "**PPSA**"), have the same meaning herein as in the PPSA.

**ARTICLE 3**  
**OBLIGATIONS SECURED**

3.1 **Obligations Secured.** The Collateral constitutes and will constitute continuing security for the following obligations (collectively, the "**Obligations**") of the Debtor to the Secured Party:

- (a) **Indebtedness.** The prompt payment, as and when due and payable, of all the principal sum, interest and all other amounts now or hereafter owing by the Debtor to the Secured Party, under or by virtue of that certain mortgage of the Lands (and the lands municipally known as 875 Queen Street East, Toronto, Ontario) in the principal sum of \$7,000,000.00, granted to RioCan Mortgage Corp., as nominee for the Lender, and given as security for the payment of all indebtedness and liability of the Debtor to the Secured Party (the "**Land Mortgage**") arising out of or with respect to the loan facility (the "**Loan**") in the maximum principal amount of set out in the Loan Agreement (as hereinafter defined) made or to be made by the Secured Party and Red Door Developments Inc. to the Debtor pursuant to a loan agreement dated July 6, 2012 (the "**Loan Agreement**"), whether now existing or hereafter incurred, matured or unmatured, direct or indirect, joint or several, absolute or contingent including any extensions, renewals and modifications thereof, and all future advances and re-advances (collectively, the "**Indebtedness**"); and
- (b) **Performance of Agreements.** The strict performance and observance by the Debtor of all agreements, warranties, representations, covenants, conditions and provisos of the Debtor made pursuant to this General Security Agreement, the Land Mortgage and any other agreement between the Debtor and the Secured Party with respect to the Loan or any security held by the Secured Party with respect to the Loan which is collateral to this General Security Agreement or the Land Mortgage, all as now in effect or as hereafter entered into or amended.

**ARTICLE 4**  
**DEBTOR'S REPRESENTATIONS AND WARRANTIES**

4.1 **General.** The Debtor represents and warrants to and for the benefit of the Secured Party as follows:

- (a) **Corporate Power.** The Debtor has full power and lawful authority to enter into this General Security Agreement and to grant the security interests hereby created.
- (b) **Enforceability.** This General Security Agreement constitutes a valid and legally binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights generally and to general principles of equity.
- (c) **No Default.** The Debtor is not in breach of any material agreement to which it is a party.

- (d) Ownership and Collateral Free of Encumbrances. The Debtor is the owner of or has rights in the Collateral free and clear of all other security interests, mortgages, hypothecs, pledges, liens, claims, charges, whether fixed or floating, or other encumbrances whatsoever (collectively, the "**Encumbrances**") other than the permitted encumbrances, if any, set forth in Schedule B hereto (the "**Permitted Encumbrances**").
- (e) Location of Collateral. The Equipment and Fixtures will be maintained on the Lands.
- (f) Insurance. The Collateral is insured in accordance with the terms hereof.

4.2 **Reliance and Survival.** All representations and warranties of the Debtor made herein or in any certificate or other document delivered by or on behalf of the Debtor for the benefit of the Secured Party are material, shall survive the execution and delivery of this General Security Agreement and shall continue in full force and effect. The Secured Party is deemed to have relied upon each such representation and warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

4.3 **Good Standing.** The Debtor shall use its continuing and reasonable efforts to ensure that the representations and warranties remain true and correct during the term of this General Security Agreement.

## **ARTICLE 5**

### **DEBTOR'S COVENANTS**

5.1 **General.** Unless compliance with the following covenants is waived in writing by the Secured Party or unless non-compliance with any such covenants is otherwise consented to by the Secured Party by written agreement with the Debtor, the Debtor covenants and agrees with the Secured Party to observe and perform each of the covenants set out in this Section 5.

5.2 **Keep Collateral in Good Repair.** The Debtor will keep the Collateral in good order, condition and repair.

5.3 **Performance by Debtor.** The Debtor will observe and perform all the Obligations imposed upon the Debtor by or in respect of the Collateral, maintain the Collateral in good standing and not do or permit to be done anything to impair and not omit to do anything that would impair the security or enforceability thereof. The Debtor will not execute or grant any other assignment, transfer, mortgage, charge or security interest in the Collateral unless it is expressly subject hereto, and will not default under any provisions of any of the Collateral or, except in the ordinary course of business, do any of the following without the prior written consent of the Secured Party, which consent shall not be unreasonably withheld, conditioned or delayed: (a) amend the Collateral, (b) give any consent, concession or waiver or exercise any option of the Debtor permitted by such terms, or (c) cancel or terminate the Collateral or accept the surrender thereof.

5.4 **Notice of Default by Debtor.** The Debtor will cause notice to be given to the Secured Party of any default by the Debtor pursuant to any of the Collateral promptly upon becoming aware of the occurrence of such default.

5.5 **Conduct of Business.** The Debtor will carry on and conduct its business in a proper and efficient manner so as to protect and preserve the Collateral.

5.6 **Servicing of Payables.** The Debtor will pay when due all amounts which are payable by it howsoever arising in respect of the Collateral, including without limiting the generality of the foregoing, all rents, charges, taxes, rates, levies, assessments, fees and duties of every nature which may be levied, assessed or imposed against or in respect of the Collateral or the Debtor and will provide the Secured Party with evidence of such payment upon request.

5.7 **Compliance with Agreements and Laws.** The Debtor will not use or permit any person to use the Collateral in violation of this General Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation, court order or ordinance.

5.8 **Notice of Encumbrances and Proceedings.** The Debtor will promptly notify the Secured Party of any Encumbrance made or asserted against any of the Collateral, and of any suit, action or proceeding affecting any of the Collateral or which could affect the Debtor. The Debtor will, at its own expense, defend the Collateral against any and all such Encumbrances and against any and all such suits, actions or proceedings.

5.9 **No Accessions.** The Debtor will prevent the Collateral from becoming an accession to any property other than the Collateral.

5.10 **Marking the Collateral.** The Debtor will, at the request of the Secured Party, mark, or otherwise take appropriate steps to identify, the Collateral to indicate clearly that it is subject to the security interests hereby created.

5.11 **Disposition of Collateral.** The Debtor will not assign, sell, lease, exchange, or otherwise dispose of the Collateral or any interest therein except:

- (a) Inventory in the ordinary course of business on customary trade terms; and
- (b) Equipment and Fixtures which have become worn out, damaged or otherwise unsuitable for its purpose, on condition that, except as may be appropriate in the normal course of business, the Debtor substitute for such Equipment and Fixtures property of equal value free from all Encumbrances as would a prudent business person. Such substituted property shall become part of the Collateral as soon as the Debtor acquires any interest in it.

5.12 **Encumbrances.** Except for the Permitted Encumbrances, the Debtor will not create, assume or suffer to exist any Encumbrance in, of or on any of the Collateral.

5.13 **Change of Name.** The Debtor will not change its name or any name under which it carries on business without giving to the Secured Party twenty (20) days' prior written notice of

the change and obtaining the Secured Party's consent, which consent will not be unreasonably withheld, conditioned or delayed, but this shall not derogate from any rights that the Debtor may have to transfer or assign the Collateral to its related entities.

5.14 **Notice of Loss of Collateral.** The Debtor will immediately give written notice to the Secured Party of:

- (a) all loss or damage to or loss of possession of the Collateral otherwise than by disposition in accordance with the terms hereof; and
- (b) any failure of any Account Debtor in payment or performance of obligations due to the Debtor which may affect the Collateral.

5.15 **Inspection of Records and Collateral.** The Debtor will at all times keep accurate and complete records of the Collateral as well as proper books of account for its business all in accordance with generally accepted accounting principles, consistently applied. The Debtor will permit the Secured Party or its authorized agents to have access to all premises occupied by the Debtor or any place where the Collateral may be found on 24 hours' prior written notice (other than in emergencies or after demand has been made on the Debtor, when no notice will be required) to inspect the Collateral and to examine the books of account, financial records and reports of the Debtor to make copies of and take extracts from such books, records and reports.

5.16 **Access to Computer Information.** In the event that the use of a computer system is required to obtain any information and data which the Secured Party is entitled to have and examine hereunder, the Debtor will allow the Secured Party the use of its computer system for such purpose and will provide assistance in that regard.

5.17 **Delivery of Documents.** The Debtor will promptly deliver to the Secured Party upon the written request of the Secured Party:

- (a) **Instruments.** Any Instruments and upon such delivery, where applicable, duly endorse the same for transfer in blank or as the Secured Party may direct;
- (b) **Financial Statements.** All financial statements prepared by or for the Debtor regarding the Debtor's business;
- (c) **Policies of Insurance.** All policies and certificates of insurance relating to the Collateral;
- (d) **Agreements.** All agreements, licences, permits and consents relating to the Collateral and the Debtor's business; and
- (e) **Other Information.** Such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Secured Party may reasonably request.

5.18 **Risk and Insurance.** The Debtor will bear the sole risk of any loss, damage, destruction or confiscation of or to the Collateral during the Debtor's possession hereunder or otherwise after



default hereunder. The Debtor will comply with insurance requirements specified in any agreement between it and the Secured Party.

5.19 **Proceeds In Trust.** After written demand has been made by and the Secured Party has accelerated the Indebtedness, the Debtor will and shall be deemed to hold all Proceeds, in trust, then in its possession and thereafter received separate and apart from other Money, Instruments or property, for the benefit of the Secured Party until all amounts owing by the Debtor to the Secured Party have been paid in full.

## **ARTICLE 6**

### **COLLECTION OF ACCOUNTS**

6.1 **Collection of Accounts.** The Secured Party may, after the occurrence of an Event of Default (as defined herein) under this General Security Agreement, notify and direct any Account Debtor to make all payments whatever to the Secured Party. The Secured Party may hold all amounts acquired from any Account Debtors and any Proceeds as part of the Collateral. Any payments received by the Debtor after notification to Account Debtors shall be held by the Debtor in trust for the Secured Party in the same medium in which received, shall not be commingled with any assets of the Debtor and shall be turned over to the Secured Party not later than the next business day following the day of their receipt.

## **ARTICLE 7**

### **DEFAULT**

7.1 **Default.** The Debtor shall be in default under this General Security Agreement upon the occurrence of any of the following events ("**Events of Default**"):

- (a) **Performance of Obligations.** The Debtor defaults in the payment or performance of any of the Obligations beyond the time, if any, set out for the curing of such default in the Loan Agreement;
- (b) **Breach of Agreement.** The Debtor breaches any material term, provision, warranty, representation or covenant under this General Security Agreement which is not cured within the earlier of: (a) ten (10) days of receipt of notice from the Secured Party; and (b) the time, if any, for curing such default in the Loan Agreement; provided, however, that if such default is, by its nature, not susceptible to curing during the said cure period and the Collateral is not impaired, the cure period shall be extended as necessary to accommodate the efforts of the Debtor to effectuate a cure provided that the Debtor continuously and diligently (subject to normal force majeure events) prosecutes its efforts to cure to completion;
- (c) **Cease to Carry on Business.** The Debtor ceases to carry on business;
- (d) **Bankruptcy.** The dissolution, termination of existence or bankruptcy of the Debtor or the appointment of a receiver, receiver-manager or receiver and manager of all of the property of the Debtor or the commencement by or against

the Debtor of any proceeding under any bankruptcy, arrangement, reorganization, dissolution, liquidation, insolvency or similar law for the relief of or otherwise affecting creditors of the Debtor or the issue of any writ of execution, warrant, attachment, sequestration, levy, third party demand or garnishment or similar process against any part of the Collateral;

- (e) Commit Act of Bankruptcy. The Debtor commits an act of bankruptcy;
- (f) Dissolution, Winding-Up. The institution by or against the Debtor of any formal proceeding for the dissolution or liquidation of, or winding-up of affairs of, the Debtor provided that if such proceedings are instituted against and not by the Debtor, the Debtor shall have 30 days to have such proceedings withdrawn unless the Secured Party or the Collateral is materially adversely affected;
- (g) Charge Against Collateral. If any right of distress is levied against the Collateral or if any Encumbrance affecting the Collateral becomes enforceable against the Collateral or any part thereof and same materially adversely affects the Secured Party's interest in the Collateral or the Debtor's ability to perform the Obligations; and
- (h) Destruction of Collateral. Any material portion of the Collateral is damaged or destroyed and same materially affects the Secured Party's interest in the Collateral or the Debtor's ability to perform the Obligations and the loss, in the opinion of the Secured Party, acting reasonably, is not adequately insured and the Debtor fails to deposit forthwith the deficiency with the Secured Party.

7.2 **Waiver not to Affect Subsequent Breach**. The Secured Party may waive default or any breach by the Debtor of any of the provisions contained in this General Security Agreement. No waiver shall extend to a subsequent breach or default, whether or not the same as or similar to the breach or default waived. No act or omission of the Secured Party shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default of the Debtor or the rights of the Secured Party resulting therefrom. Any such waiver must be in writing and signed by the Secured Party to be effective.

## **ARTICLE 8**

### **SECURED PARTY'S REMEDIES ON DEFAULT**

8.1 **Indebtedness Due and Rights and Remedies**. Upon the occurrence of an Event of Default all of the Obligations shall, at the option of the Secured Party and notwithstanding the other provisions of this General Security Agreement, become immediately due and payable five business days after notice is given to the Debtor (or if the validity of the charge of this General Security Agreement or the value of the Collateral would be materially jeopardized by the delay, then without notice) of the occurrence of an Event of Default, and the Secured Party may, at its option, proceed to enforce payment of same and to exercise any or all of the rights and remedies contained herein including, without limitation, the signification and collection of the Debtor's Accounts, or otherwise afforded by law, in equity or otherwise. The Secured Party shall have the right to enforce one or more remedies successively or concurrently in accordance with applicable

law and the Secured Party expressly retains all rights and remedies not inconsistent with the provisions herein including all the rights it may have under the PPSA, and, without restricting the generality of the foregoing, the Secured Party may upon an Event of Default:

- (a) Appointment of Receiver. Institute proceedings in any court of competent jurisdiction for the appointment of a receiver, receiver-manager or receiver and manager (a "**Receiver**") of all or any part of the Collateral and seek the removal or replacement of the judicially-appointed Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by the Secured Party so far as concerns responsibility for its acts shall be deemed to be the agent of the Debtor and not of the Secured Party. Where the Secured Party is referred to in this Section 8 the reference includes, where the context permits, any Receiver so appointed and the officers, employees, servants or agents of the Receiver;
- (b) Enter and Repossess. Immediately and without notice enter the Debtor's premises and repossess, disable or remove the Collateral and the Debtor hereby grants to the Secured Party a licence to occupy any premises of the Debtor for the purpose of storing the Collateral;
- (c) Retain the Collateral. Retain and administer the Collateral in the Secured Party's sole and unfettered discretion, which the Debtor hereby acknowledges is commercially reasonable;
- (d) Dispose of the Collateral. Dispose of any Collateral by public auction, private tender or private contract with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor. The Secured Party may, at its discretion, establish the terms of disposition including, without limitation, terms and conditions as to credit, upset, reserve bid or price. The Secured Party may also lease the Collateral on terms it deems appropriate. The payments for Collateral, whether on a disposition or lease, may be deferred provided such deferral is commercially reasonable. All payments made pursuant to such dispositions shall be credited against the Obligations only as they are actually received. The Secured Party may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral again without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Secured Party has taken possession of the Collateral;
- (e) Acceptance. Foreclose upon the Collateral in satisfaction of the Obligations. The Secured Party may designate any part of the Obligations to be satisfied by the foreclosure of particular Collateral which the Secured Party considers to have a net realizable value approximating the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be deemed to be satisfied by the foreclosure of the particular Collateral;
- (f) Carry on Business. Carry on or concur in the carrying on of all or any part of the business of the Debtor with respect to the Collateral and may, in any event, to the

exclusion of all others, including the Debtor but in compliance with applicable leases, enter upon, occupy and use all premises of or occupied or used by the Debtor with respect to the Collateral and use any of the personal property (which shall include fixtures) of the Debtor with respect to the Collateral for such time and such purposes as the Secured Party sees fit. The Secured Party shall not be liable to the Debtor for any neglect in so doing or in respect of any rent, costs, charges, depreciation or damages in connection therewith other than in respect of its gross negligence or willful misconduct or unlawful acts and then only to the extent that the Debtor does not recover insurance proceeds;

- (g) Payment of Encumbrances. Pay any Encumbrance that may exist or be threatened against the Collateral. In any such case the amounts so paid together with costs, charges and expenses incurred in connection therewith shall be added to the Obligations secured by this General Security Agreement;
- (h) Payment of Deficiency. If the proceeds of realization are insufficient to pay all monetary Obligations, the Debtor shall forthwith pay or cause to be paid to the Secured Party any deficiency and the Secured Party may sue the Debtor to collect the amount of the deficiency;
- (i) Dealing with Collateral. Subject to applicable law, seize, collect, realize, borrow money on the security of, release to third parties, sell (by way of public or private sale), lease or otherwise deal with the Collateral in such manner, upon such terms and conditions, at such time or times and at such place or places and for such consideration as may seem to the Secured Party advisable and without notice to the Debtor. The Secured Party may charge on its own behalf and pay to others sums for expenses incurred and for services rendered (expressly including legal services, consulting, receiver's and accounting fees) in or in connection with seizing, collecting, realizing, borrowing on the security of, selling or obtaining payment of the Collateral and may add such sums to the Obligations secured by this General Security Agreement; and
- (j) Treat as Real Property. Proceed as to both the Collateral and the Lands or any part or parts thereof under the Land Mortgage as if the Collateral were real property charged by the Land Mortgage.

8.2 Assemble the Collateral. To assist the Secured Party in the implementation of such rights and remedies the Debtor will, at its own risk and expense and at the Secured Party's request, assemble and prepare for removal such items of the Collateral as are selected by the Secured Party as shall, in the Secured Party's sole judgment, have a value sufficient to cover all the Obligations.

8.3 Secured Party Not Liable for Failure to Exercise Remedies. The Secured Party shall not be liable or accountable for any delay or failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Collateral and shall not be bound to institute proceedings for such purposes or for the purpose of preserving any

rights, remedies or powers of the Secured Party, the Debtor or any other person in respect of same.

8.4 **Allocation of Proceeds.** All monies collected or received by the Secured Party in respect of the Collateral may be held by the Secured Party and may be applied on account of any parts of the Obligations at the sole discretion of the Secured Party.

8.5 **Extension of Time.** The Secured Party may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release the Collateral to third parties and otherwise deal with the Debtor's guarantors or sureties and others and with the Collateral and other securities as the Secured Party may see fit without affecting the liability of the Debtor to the Secured Party, or the Secured Party's rights, remedies and powers under this General Security Agreement.

8.6 **Forbearance is not Waiver.** No extension of time, forbearance, indulgence or other accommodation now, heretofore or hereafter given by the Secured Party to the Debtor shall operate as a waiver, alteration or amendment of the rights of the Secured Party or otherwise preclude the Secured Party from enforcing such rights.

8.7 **Effect of Appointment of Receiver.** As soon as the Secured Party takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the directors and officers of the Debtor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Secured Party or the Receiver.

8.8 **Limitation of Liability.** Except in respect of its gross negligence, willful misconduct or unlawful acts, the Secured Party shall not be liable by reason of any entry into or taking possession of any of the Collateral hereby charged or intended so to be or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Debtor acknowledges and agrees that any and all payments, responsibilities, burdens, obligations and liabilities in respect of the Collateral shall remain those of the Debtor and no such payments, responsibilities, burdens, obligations or liabilities are assigned hereby nor are assumed or incurred by the Secured Party hereunder and the Secured Party shall not be in any way liable or obligated to do or perform any acts to repair, protect, enforce or otherwise deal with the Collateral or any part thereof.

8.9 **Release by Debtor.** The Debtor hereby releases and discharges the Secured Party and the Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Debtor or any person claiming through or under the Debtor by reason or as a result of any acts or omissions of the Secured Party or any successor or assign claiming through or under the Secured Party or the Receiver under the provisions of this General Security Agreement other than acts or omissions attributable to gross negligence, willful misconduct or unlawful acts of the Secured Party, and then only to the extent that the Debtor does not recover insurance proceeds.

8.10 **Performance by Secured Party.** Nothing herein shall obligate the Secured Party to assume or perform any obligation of the Debtor to any third party in respect or arising out of the

Collateral or any of them and the Debtor hereby agrees to indemnify and save harmless the Secured Party from any and all claims of such third parties. The Secured Party may however at its option assume or perform any such obligations which the Secured Party considers necessary or desirable to obtain the benefit of the Collateral or any part thereof free of any set off, deduction or abatement and any money so expended by the Secured Party shall form part of the Indebtedness and bear interest at the rate from time to time applicable to the outstanding balance of the Indebtedness secured by this General Security Agreement.

#### **ARTICLE 9** **MISCELLANEOUS**

9.1 **Costs.** The Debtor will reimburse the Secured Party on demand for all interest, commissions, costs of realization and other costs and expenses (including the full amount of all reasonable legal fees and expenses paid by the Secured Party) incurred by the Secured Party or any Receiver in connection with:

- (a) the registration and renewal of any financing statement registered, or land title office notice filed, in connection with the security interests hereby created;
- (b) the preparation, execution, perfection, protection, enforcement of and advice with respect to this General Security Agreement;
- (c) the realization, disposition, retention, protection, insuring or collection of any Collateral;
- (d) the protection or enforcement of the rights, remedies and powers of the Secured Party or any Receiver;
- (e) the inspection of the Collateral; and
- (f) the investigation of title to the Collateral.

All amounts for which the Debtor is required hereunder to reimburse the Secured Party or any Receiver shall, from the date of disbursement until the date the Secured Party or the Receiver receives reimbursement, be deemed advanced to the Debtor by the Secured Party, shall be deemed to be Obligations and shall bear interest at the highest rate per annum charged by the Secured Party on any of the other Obligations.

9.2 **Appointment of Attorney.** The Debtor hereby irrevocably constitutes and appoints the Secured Party, or any Receiver, the true and lawful attorney of the Debtor with full power of substitution to do, make and execute all assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient after the occurrence of and during the continuance of an Event of Default. The Debtor hereby declares that the irrevocable power of attorney granted hereby, being coupled with an interest, is given for valuable consideration.

9.3 **No Obligation to Make Advances.** The Debtor acknowledges and agrees that the Secured Party is not obligated to make any advance or loan or further advance or extend credit to the Debtor, but this shall not derogate from the terms of the Loan Agreement.

9.4 **Security Interests Effective Immediately.** Neither the execution of, nor any filing with respect to, this General Security Agreement shall bind the Secured Party to grant any credit to the Debtor, but the security interests hereby created shall take effect forthwith upon the execution of this General Security Agreement by the Debtor.

9.5 **Security in Addition and not in Substitution, Remedies Cumulative.** The rights, remedies and powers conferred by this General Security Agreement are in addition to, and not in substitution for, any other rights, remedies or powers the Secured Party may have under the Land Mortgage, this General Security Agreement, at law, in equity or by or under the PPSA or any other statute. The Secured Party may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Secured Party shall be exclusive of or dependent on any other. The Secured Party may exercise any of its rights, remedies or powers separately or in combination and at any time. The Secured Party may exercise any or all rights hereunder in respect of any part of the Collateral separately and whether or not the Secured Party in its discretion exercises its rights in respect of any or all of the remaining Collateral.

9.6 **Statutory Waiver.** To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protection given by the provisions of the PPSA or any existing or future statute which imposes limitations upon the rights, remedies or powers of a secured party or upon the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute.

9.7 **Provisions Reasonable.** The Debtor acknowledges that the provisions of this General Security Agreement and, in particular, those respecting rights, remedies and powers of the Secured Party and any Receiver against the Debtor, its business and any Collateral upon an Event of Default, are commercially reasonable and not manifestly unreasonable.

9.8 **Further Assurances.** The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, transfers, assignments, general security agreements and assurances as the Secured Party may reasonably require in order to give effect to the provisions hereof and for the better granting, transferring, assigning, charging, setting over, assuring, confirming or perfecting the security interests hereby created and the priority accorded to them by law or under this General Security Agreement.

9.9 **Communications.** In this General Security Agreement, any notice, demands, requests or other communication required or permitted to be given hereunder shall be in writing and, unless and until otherwise specified in a written notice by the party to whom notice is intended to be given, shall be sent to the parties at the following addresses:

if to the Debtor:

Red Door Lands Ltd.  
30 Hazelton Avenue  
Toronto, Ontario M5R 2E2

Attention: Norma Walton  
 Facsimile: (416) 489-9973

if to the Secured Party:

RioCan Management Inc.  
 RioCan Yonge Eglinton Centre  
 2300 Yonge Street, Suite 500  
 P.O. Box 2386  
 Toronto Ontario M4P 1E4

Attention: Jonathan Gitlin  
 Facsimile: (416) 866-3020

Notices may be given on behalf of any party by its legal counsel. Each such notice, demand, request or other communication shall be deemed to have been given upon actual receipt or first refusal of the addressee to accept delivery after having been (i) mailed by certified mail, return receipt requested, postage prepaid, to its addressee at such party's address as set forth above, or (ii) tendered to a nationally recognized overnight courier service for next business day delivery to its addressee at such party's address as set forth above, or (iii) transmitted by facsimile transmission to the facsimile transmission number of each party set out above (or such other facsimile transmission number as any party may designate in the manner set out above) provided that such facsimile transmission is sent only on a Business Day (as defined in the Loan Agreement) between the hours of 8:00 a.m. and 4:00 p.m. Vancouver time, and provided, further, that a copy thereof is sent to the addressee on the date of facsimile transmission by the method of furnishing notice to which reference is made in the immediately preceding subsection (ii).

9.10 **Discharge.** Upon payment and performance by the Debtor of the Obligations secured hereby the Secured Party shall within fifteen (15) days after request in writing by the Debtor and at the expense of the Debtor cancel and discharge the security interests hereby created.

9.11 **Delivery of Copy/Waiver.** The Debtor hereby acknowledges receiving a copy of this General Security Agreement. The Debtor waives all rights to receive from the Secured Party a copy of any financing statement, financing change statement or verification statement after the initial filing in respect of this General Security Agreement.

9.12 **Where Consent Required.** Nothing herein shall constitute an assignment or attempted assignment of any right, privilege, benefit, contract, permit, policy or other document or instrument which by the provisions thereof or by law is not assignable or which requires the consent of any third party to its assignment unless such is obtained. In each such case the Debtor shall, unless the Secured Party otherwise agrees in writing, forthwith obtain the consent of any necessary third party to its assignment hereby and for its further assignment by the Secured Party to any third party who may acquire same as a result of the Secured Party's exercise of remedies after an Event of Default and upon such consents being obtained or waived, this General Security Agreement shall apply thereto without regard to this subsection 9.12 and without the necessity of any further assurance to effect the assignment thereof.



9.13 **Pending Consent.** In any case to which subsection 9.12 applies, unless and until consent to assignment is obtained as therein provided, the Debtor shall, to the extent it may do so by law or pursuant to the provisions of the document or interest therein referred to, hold all benefit to be derived therefrom in trust for the Secured Party as additional security for the performance of the Obligations and shall deliver up all such benefit to the Secured Party forthwith upon demand by the Secured Party.

9.14 **Until Default.** Until the occurrence of an Event of Default, the Debtor shall, except as may be provided by this General Security Agreement, be entitled to receive all amounts payable pursuant to the Collateral and to exercise its rights with respect thereto.

9.15 **Security.** This General Security Agreement shall be held by the Secured Party as continuing security for the performance by the Debtor of the Obligations and not in satisfaction of the Obligations or any of them.

## **ARTICLE 10** **INTERPRETATION**

10.1 **Entire Agreement/Amendment.** This General Security Agreement contains the entire agreement between the parties relating to the security interests hereby created. Any amendment of this General Security Agreement shall not be binding unless in writing and signed by the Secured Party and the Debtor. There are no representations, warranties, covenants or acknowledgements affecting this General Security Agreement or the Collateral or relied upon in entering into this General Security Agreement, other than as set out herein in writing.

10.2 **Severability.** If any term, covenant or condition of this General Security Agreement, or the application thereof to any person or circumstance, shall be determined to be unenforceable by a court of competent jurisdiction (the "**Offending Provision**"), then the remainder of this General Security Agreement, or the application of such term, covenant or condition to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby and each term, covenant and condition of this General Security Agreement shall be valid and enforced to the fullest extent permitted by law; provided, however, that the parties affected by the Offending Provision shall endeavour in good faith, within 60 days after the date such determination is made, to agree upon alternative provisions which shall have the same practical effect as the Offending Provision and upon any agreement being reached, the new provision shall be incorporated into and form a part of this General Security Agreement.

10.3 **Headings.** All headings and titles in this General Security Agreement are for reference only and are not to be used in the interpretation of the terms hereof.

10.4 **Included Words.** Wherever the singular or the masculine is used herein, the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so require.

10.5 **Applicable Law.** This General Security Agreement shall be construed and enforceable under and in accordance with the laws of Ontario. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the laws of Ontario.

10.6 **Binding Effect.** This General Security Agreement shall be binding on the Debtor and its successors, heirs, administrators and executors, and enure to the benefit of the Secured Party and the successors and assigns of the Secured Party.

**IN WITNESS WHEREOF** the Debtor has executed this General Security Agreement.

**RED DOORLANDS LTD.**

Per: 

Name: Norma Walton

Title: President

*I have authority to bind the Corporation*

## SCHEDULE "A"

### Legal Description of Lands

**Municipal Address:**

887 Queen Street East, Toronto

**Firstly**

**PIN 21055-0068 (LT):**

Parcel G-1, Section M204; Part Lot G, Plan M204, Toronto; Part Lot H, Plan M204, Toronto, Parts 1 and 3, R3025; Toronto, City of Toronto

**Secondly**

**PIN 21055-0069 (LT):**

Parcel H-1, Section M204; Part Lot H, S/S Queen St East Plan M204, Toronto, commencing at a point in the southerly limit of Queen St E where the same would be intersected by the production northerly of the centre line of partition wall between the main parts of the brick store buildings standing in May 1922 upon the said Lot and lands immediately to the west thereof, the said point being distant 20 feet 7 inches measured westerly along the said limit of Queen St E from the westerly limit of Logan Ave (formerly called Blong St); Thence southerly to and along the said centre line of wall in all a distance of 33 feet 9 inches to an angle in the same; Thence easterly along the centre line of partition wall between the aforesaid buildings and on a course about parallel to the said limit of Queen St E 3 feet to the centre line of partition wall between the rear parts of the aforesaid store buildings; Thence southerly along the last mentioned centre line of wall 28 feet 10 1/2 inches to a point in the southerly face of the southerly wall of the said rear parts of the said store buildings, which point is distant 17 feet 5 3/4 inches measured westerly on a course parallel to the said limit of Queen St E from the said limit of Logan Ave; Thence southerly in a straight line 8 feet 1 1/2 inches to a point in the southerly face of the southerly wall of the frame extensions of the said store buildings, which point is distant 17 feet 11 1/2 inches measured westerly on a course parallel to the said limit of Queen St E from the said limit of Logan Avenue; Thence southerly along the line of fence dividing in part the rear premises of the said store buildings 26 feet 6 inches to a point in the northerly face of the northerly wall of certain frame sheds standing at the date thereinbefore last mentioned upon the rear premises of the said store buildings, which point is distant 17 feet 2 1/2 inches measured westerly on a course about parallel to the said limit of Queen St E from the said limit of Logan Ave; Thence southerly along the

centre line of partition between the said sheds 10 feet 3 inches to the southerly face of the said sheds; Thence westerly along the said southerly face of sheds, being about parallel to the said limit of Queen St E, 2 feet 9 1/2 inches; Thence southerly along the centre line of partition wall in an old frame building standing at the date thereinbefore last mentioned, upon the rear premises of the said store buildings, and continuing thence southerly parallel to the said limit of Logan Ave, in all a distance of 24 feet 6 inches to a point in the northerly limit of the lane in the said Lot, which point is distant 19 feet 10-3/4 inches, measured westerly thereon from the said limit of Logan Ave; Thence easterly along the said limit of lane 19 feet 10-3/4 inches to the westerly limit of Logan Ave; Thence northerly along the said limit of Logan Ave 132 feet to the southerly limit of Queen St E aforesaid; Thence westerly along the last mentioned limit 20 FT 7 inches, more or less, to the point of commencement; Toronto, City of Toronto

**SCHEDULE "B"****Permitted Encumbrances Re: Collateral**

NIL



## GUARANTEE AND POSTPONEMENT OF CLAIM

THIS GUARANTEE made as of the 6th day of July, 2012.

BETWEEN:

**RON WALTON and NORMA WALTON**

(collectively, the "**Guarantor**")

- and -

**RIOCAN MANAGEMENT INC.**

(the "**Lender**")

- A. Red Door Developments Inc. and Red Door Lands Ltd. (collectively, the "**Borrower**") is indebted or liable or may become indebted or liable to the Lender pursuant to a loan agreement dated as of July 6, 2012 the ("**Loan Agreement**") with respect to 875 Queen Street East and 887 Queen Street East, Toronto, Ontario (collectively, the "**Property**"); and
- B. It is in the interests of the Guarantor that the Lender extend credit to the Borrower and therefore the Guarantor is prepared to issue this Guarantee to the Lender.

**FOR GOOD AND VALUABLE CONSIDERATION**, the receipt and sufficiency of which are hereby acknowledged by the Guarantor, the Guarantor hereby agrees as follows:

1. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees as a primary obligor and not merely as a surety, the prompt payment to the Lender, forthwith upon demand by the Lender, of all Obligations (as such term is defined in the Loan Agreement) (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) which the Borrower has incurred or may incur or be under to the Lender arising from the Loan Agreement and security documents or agreements contemplated therein (collectively, the "**Obligations**"). All amounts payable by the Guarantor hereunder shall be paid to the Lender at RioCan Yonge Eglinton Centre, 2300 Yonge Street, Suite 500, P.O. Box 2386, Toronto, Ontario M4P 1E4 or as otherwise directed by the Lender. Any amounts payable by the Guarantor under this Guarantee which are not paid forthwith upon demand therefor by the Lender shall bear interest from the date of such demand at the rate or rates applicable to the corresponding Obligations.
2. **Guarantee Unconditional.** The obligations of the Guarantor under this Guarantee are continuing, unconditional and absolute and, without limiting the generality of the foregoing,

shall not be released, discharged, diminished, limited or otherwise affected by (and the Guarantor hereby waives, to the fullest extent permitted by applicable law):

- (a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Obligation, security, person or otherwise;
- (b) any modification or amendment of or supplement to the Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable thereunder;
- (c) any release, non-perfection or invalidity of any direct or indirect security for any Obligation;
- (d) any change in the existence, structure, constitution, name, objects, powers, business, control or ownership of the Borrower or other person, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower or other person or its assets;
- (e) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Borrower, the Lender, or any other person, whether in connection herewith or any unrelated transactions;
- (f) any invalidity, illegality or unenforceability relating to or against the Borrower or any provision of applicable law or regulation purporting to prohibit the payment by the Borrower of the principal or interest under the Obligations;
- (g) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Lender to payment of the Obligations;
- (h) any release, substitution or addition of any cosigner, endorser or other guarantor of the Obligations;
- (i) any defence arising by reason of any failure of the Lender to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of all of the following: acceptance of this Guarantee, partial payment or non-payment of all or any part of the Obligations and the existence, creation, or incurring of new or additional Obligations;
- (j) any defence arising by reason of any failure of the Lender to proceed against the Borrower or any other person, to proceed against, apply or exhaust any security held from the Borrower or any other person for the Obligations, to proceed against, apply or exhaust any security held from the Guarantor or any other person for this Guarantee or to pursue any other remedy in the power of the Lender whatsoever;
- (k) the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the



principal obligation or which reduces a guarantor's obligation in proportion to the principal obligation;

- (l) any defence arising by reason of the invalidity, illegality or lack of enforceability of the Obligations or any part thereof or of any security or guarantee, or by reason of any incapacity, lack of authority, or other defence of the Borrower or any other person, or by reason of any limitation, postponement, prohibition on the Lender's right to payment of the Obligations or any part thereof, or by reason of the cessation from any cause whatsoever of the liability of the Borrower or any other person with respect to all or any part of the Obligations, or by reason of any act or omission of the Lender or others which directly or indirectly results in the discharge or release of the Borrower or any other person or all or any part of the Obligations or any security or guarantee therefor, whether by contract, operation of law or otherwise;
- (m) any defence arising by reason of any failure by the Lender to obtain, perfect or maintain a perfected or prior (or any) security interest in or lien or encumbrance upon any property of the Borrower or any other person, or by reason of any interest of the Lender in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Lender of any right to recourse or collateral;
- (n) any defence arising by reason of the failure of the Lender to marshal any assets;
- (o) any defence based upon any failure of the Lender to give to the Borrower or the Guarantor notice of any sale or other disposition of any property securing any or all of the Obligations or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Lender to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Lender to dispose of any such property in a commercially reasonable manner;
- (p) any dealing whatsoever with the Borrower or other person or any security, whether negligently or not, or any failure to do so;
- (q) any defence based upon or arising out of any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against the Borrower or any other person, including any discharge of, or bar against collecting, any of the Obligations, in or as a result of any such proceeding; or
- (r) any other act or omission to act or delay of any kind by the Borrower, the Lender, or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the Guarantor's

obligations hereunder (other than the payment or extinguishment in full of all of the Obligations).

The foregoing provisions apply (and the foregoing waivers shall be effective) even if the effect of any action (or failure to take action) by the Lender is to destroy or diminish the Guarantor's subrogation rights, the Guarantor's right to proceed against the Borrower for reimbursement, the Guarantor's right to recover contribution from any other guarantor or any other right or remedy.

3. **Reliance on Agents.** The Lender is entitled to assume, notwithstanding any investigation by or on behalf of the Lender, the power of the Borrower or the Guarantor or the authority of their officers, directors or agents acting or purporting to act on behalf of the Borrower or the Guarantor, and any Obligations made or created in reliance upon the exercise of such power or authority shall be guaranteed hereunder.

4. **Recourse against Borrower.** The Lender shall not be bound to exhaust its recourse against the Borrower or others or under any other security or guarantee before being entitled to payment from the Guarantor under this Guarantee.

5. **Settlement of Accounts.** Any account settled or stated between the Lender and the Borrower shall be accepted by the Guarantor as *prima facie* evidence that the amount thereby appearing due by the Borrower to the Lender is so due.

6. **Change in Composition of Borrower.** This Guarantee shall extend to any person acquiring, or from time to time carrying on, the business of the Borrower.

7. **No Waiver.** No delay on the part of the Lender in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Lender unless the same shall be in writing, duly signed on behalf of the Lender, and each such waiver, if any, shall apply only with respect to the specific instance involved, and shall in no way impair the rights of the Lender or the liabilities of the Guarantor to the Lender in any other respect at any other time.

8. **Guarantee of all Moneys Borrowed.** All moneys and credits in fact borrowed or obtained by the Borrower from the Lender, shall be deemed to form part of the Obligations notwithstanding any incapacity, disability or lack or limitation of status or power of the Borrower or of the directors, officers, employees, partners or agents thereof, or that the Borrower may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such moneys or credits. Any amount which may not be recoverable from the Guarantor by the Lender on the basis of a guarantee shall be recoverable by the Lender from the Guarantor as principal debtor in respect thereof and shall be paid to the Lender forthwith after demand therefor as herein provided.

9. **No Subrogation.** Until all the Obligations have been paid in full, the Guarantor will have no right of subrogation to, and waives, to the fullest extent permitted by law, any right to enforce any remedy which the Lender now has or may hereafter have against the Borrower in respect of the Obligations; and the Guarantor waives any benefit of, and any right to participate

in, any security, whether real or personal property, now or hereafter held by the Lender for the Obligations.

10. **Stay of Acceleration.** If acceleration of the time for payment of any amount payable by the Borrower in respect of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Borrower or any moratorium affecting the payment of the Obligations, all such amounts otherwise subject to acceleration shall nonetheless be payable by the Guarantor hereunder forthwith on demand by the Lender.

11. **Assignment by Lender.** The Lender may from time to time and without notice to, or the consent of, the Guarantor assign or transfer all or any of the Obligations or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such Obligation or part thereof so transferred or assigned shall be and shall remain an "Obligation" for the purposes of this Guarantee and any immediate and successive assignee or transferee of any Obligation or any interest therein shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce, this Guarantee to the same extent as if such person were the Lender.

12. **Revival of Indebtedness.** If at any time, all or any part of any payment previously applied by the Lender to any Obligation is or must be rescinded or returned by the Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy, or reorganization of the Borrower), such Obligation shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Lender had not been made.

13. **Assignment and Postponement.** All present and future indebtedness and liability of the Borrower to the Guarantor is hereby assigned by the Guarantor to the Lender and postponed to the Obligations and all moneys received by the Guarantor from or on behalf of the Borrower arising solely out of or relating solely to the Property are hereby assigned by the Guarantor to the Lender and shall be received in trust for and, unless prior written authorization from the Lender to the contrary shall have been obtained by the Guarantor, shall be paid over to the Lender upon demand by the Lender. If the Lender receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, the Guarantor shall not be entitled to claim repayment against the Borrower until the Lender's claims against the Borrower have been paid in full. In case of liquidation, dissolution, winding up or bankruptcy of the Borrower (whether voluntary or involuntary) or if the Borrower shall make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claims and receive all dividends or other payments in respect thereof in priority to the Guarantor until its claims have been paid in full, and the Guarantor shall continue liable hereunder for any balance which may be owing to the Lender by the Borrower. In the event of the valuation by the Lender of any of its security and/or the retention thereof by the Lender, such valuation and/or retention shall not, as between the Lender and the Guarantor, be considered as a purchase of such security, or as payment or satisfaction or reduction of the Obligations or any part thereof. The foregoing

provisions of this Section shall not in any way limit or lessen the liability of the Guarantor under any other paragraph of this Guarantee.

14. **Expenses.** The Guarantor shall from time to time upon demand by the Lender forthwith pay to the Lender all reasonable expenses (including legal fees) incurred by the Lender in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.

15. **Additional Security.** This Guarantee is in addition and without prejudice to any security of any kind (including without limitation other guarantees) now or hereafter held by the Lender and any other rights or remedies that the Lender might have.

16. **Set-off by Lender.** The Lender may, to the fullest extent permitted by law, set-off and apply any and all deposits at any time held by the Lender and any other indebtedness at any time owing by the Lender to or for the credit or for the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Guarantee irrespective of whether or not the Lender shall have made any demand hereunder and although such Obligations may be contingent and unmatured.

17. **Representations and Warranties.** The Guarantor represents and warrants to the Lender, upon each of which representations and warranties the Lender specifically relies, as follows:

- (a) **Litigation.** There is no litigation or governmental proceeding pending or, to the best of its knowledge, threatened against the Guarantor which, if adversely determined, would materially adversely affect the financial condition of the Guarantor.
- (b) **Burdensome Provisions, etc.** The Guarantor is not a party to any agreement or instrument, or subject to any corporate restriction or any judgment, order, writ, injunction, decree, award, rule or regulation, which materially adversely affects or, to the best of its knowledge, in the future is likely to materially and adversely affect, its ability to issue the Guarantee or to perform its obligations under this Guarantee.
- (c) **Contingent Liabilities and Debt.** The Guarantor has no contingent liabilities which are not disclosed to the Lender and which would have a material adverse effect on its ability to honour its obligations hereunder if called upon to do so.
- (d) **Due Execution, etc.** This Guarantee has been duly executed and delivered by or on behalf of the Guarantor and constitutes a valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by any bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).
- (e) **No Default, etc.** Neither the execution nor the delivery of this Guarantee, the consummation of the transactions herein contemplated, nor compliance with the

terms, conditions and provisions hereof conflicts with or will conflict with, or results or will result in, any breach of, or constitutes a default under any of the provisions of any agreement or instrument to which the Guarantor is a party or by which the Guarantor, or any of its property or assets are bound or (except as contemplated by this Guarantee) results or will result in the creation or imposition of any encumbrance upon any of the properties or assets of the Guarantor or results or will result in the contravention of any law or rule or regulation to which the Guarantor or its property or assets are subject and as a consequence of which the ability of the Guarantor to perform its obligations under this Guarantee is or would likely be adversely affected.

- (f) **Tax Returns.** The Guarantor has filed all tax returns which are required to be filed and has paid all taxes which have become due as shown on such returns or any assessments received by the Guarantor where failure to do so would have a material adverse effect on the financial condition of the Guarantor or its ability to perform its obligations under this Guarantee, except such taxes (if any) as are being contested in good faith by appropriate proceedings and for which a reserve reasonably satisfactory to the Lender is provided; and the Guarantor is not aware of any proposed additional tax assessment against it.

18. **Taxes and Set-off by Guarantor.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect to such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

19. **Joint and Several Liability.** Where there is more than one Guarantor under this Guarantee, each Guarantor shall be jointly and severally liable under this Guarantee.

20. **Governing Law.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Guarantor hereby attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario for the purpose of all proceedings relating to this Guarantee.

21. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Lender and its successors and assigns and shall be binding upon the Guarantor and its successors. The Guarantor's obligations hereunder shall not be assigned or delegated.

22. **Time.** Time is of the essence with respect to this Guarantee and the time for performance of the obligations of the Guarantor under this Guarantee may be strictly enforced by the Lender.

23. **Headings.** The headings used herein are for the purpose of convenience only and shall not be referred to in construing the provisions of this Guarantee.

24. **Severability.** If any provision of this Guarantee shall be determined to be illegal, unconscionable, or unenforceable, all other terms and provisions hereof shall nevertheless remain effective and shall be enforced to the fullest extent permitted by law.

25. **Communication.** Any notice, demand, request or other communication required or permitted to be given hereunder shall be in writing and, unless and until otherwise specified in a written notice by the party to whom notice is intended to be given, shall be sent to the parties at the following addresses:

to the Guarantor at:

Ron Walton and Norma Walton  
30 Hazelton Avenue  
Toronto, Ontario M5R 2E2

Facsimile: (416) 489-9973

to the Lender at:

RioCan Management Inc.  
RioCan Yonge Eglinton Centre  
2300 Yonge Street, Suite 500  
P.O. Box 2386  
Toronto Ontario M4P 1E4

Attention: Jonathan Gitlin  
Facsimile: (416) 866-3020

Notices may be given on behalf of any party by its legal counsel. Each such notice, demand, request or other communication shall be deemed to have been given upon actual receipt or first refusal of the addressee to accept delivery after having been (i) mailed by certified mail, return receipt requested, postage prepaid, to its addressee at such party's address as set forth above, or (ii) tendered to a nationally recognized overnight courier service for next business day delivery to its addressee at such party's address as set forth above, or (iii) transmitted by facsimile transmission to the facsimile transmission number of each party set out above (or such other facsimile transmission number as any party may designate in the manner set out above) provided that such facsimile transmission is sent only on a business day between the hours of 8:00 a.m. and 4:00 p.m. Vancouver time.

26. **Borrower's Financial Condition.** The Guarantor is fully aware of the financial condition of the Borrower.

27. **References to "Person".** Any reference in this Guarantee to a "person" shall be deemed to include an individual, corporation, partnership, trust, unincorporated organization, government and the heirs, executors, administrators or other legal representatives of an individual. If there are two or more Guarantors, all obligations hereunder of all such Guarantors shall be joint and several. All nouns and personal pronouns herein, including the defined term "Guarantor" and "Borrower" shall be read and construed as the number and gender require in each case and the verb shall be read and construed as agreeing with such noun or pronoun.

28. **Copy of Guarantee.** The Guarantor acknowledges receipt of an executed copy of this Guarantee.

**IN WITNESS WHEREOF** this Guarantee has been executed and delivered by the Guarantor on the day and year first above written.

Witness

Witness

RON WALTON

NORMA WALTON





**ONTARIO**  
**SUPERIOR COURT OF JUSTICE-**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF LENEQ SDAO**

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Inc., Riocan Mortgage Corp.,  
Riocan Real Estate Investment  
Trust and Trinity Urban  
Properties Inc.

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE-**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD OF RIOCAN  
MANAGEMENT INC., RIOCAN  
MORTGAGE CORP., RIOCAN REAL  
ESTATE INVESTMENT TRUST AND  
TRINITY URBAN PROPERTIES INC.**

**FOGLER, RUBINOFF LLP**

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