

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

**RESPONDING MOTION RECORD OF
HARBOUR MORTGAGE CORP.
(Returnable December 18, 2013)**

December 17, 2013

TORKIN MANES LLP
Barristers & Solicitors
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Toronto ON M5C 2W7

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Lawyers for Harbour Mortgage Corp.

TO: **SERVICE LIST**

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

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(As at December 17, 2013)

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SCHEDULE A COMPANIES

Dr. Bernstein Diet Clinics Ltd.
2272551 Ontario Limited
DBDC Investments Atlantic Ltd.
DBDC Investment Pape Ltd.
DBDC Investments Highway 7 Ltd.
DBDC Investments Trent Ltd.
DBDC Investments St. Clair Ltd.
DBDC Investments Tisdale Ltd.
DBDC Investments Leslie Ltd.
DBDC Investments Lesliebrook Ltd.
DBDC Fraser Properties Ltd.
DBDC Fraser Lands Ltd.
DBDC Queen's Corner Inc.
DBDC Queen's Plate Holdings Inc.
DBDC Dupont Developments Ltd.
DBDC Red Door Developments Inc.
DBDC Red Door Lands Inc.
DBDC Global Mills Ltd.
DBDC Donalda Developments Ltd.
DBDC Salmon River Properties Ltd.
DBDC Cityview Industrial Ltd.
DBDC Weston Lands Ltd.
DBDC Double Rose Developments Ltd.
DBDC Skyway Holdings Ltd.
DBDC West Mall Holdings Ltd.
DBDC Royal Gate Holdings Ltd.
DBDC Dewhurst Developments Ltd.
DBDC Eddystone Place Ltd.
DBDC Richmond Row Holdings Ltd.

SCHEDULE B COMPANIES

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.

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A	Exhibit "A" - Charge/Mortgage referenced above and the Parcel Register re Highway No 7, Vaughan, ON
B	Exhibit "B" - General Assignment of Rents
C	Exhibit "C" - <i>Personal Property Security Act</i> search obtained December 4, 2013
D	Exhibit "D" - Parcel Register in connection with 3270 American Drive, Mississauga.
E	Exhibit "E" - General Assignment of Rents and Assignment of a Specific Lease

TAB 1

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AFFIDAVIT OF BRUCE SHEPHERD

I, Bruce Shepherd, of the City of Toronto, in the Province of Ontario MAKE OATH AND

SAY:

1. I am the Vice President Risk Management of Harbour Mortgage Corp., and as such have knowledge of the matters to which I hereinafter depose, either through my own knowledge or by informing myself with respect thereto, in which case I have indicated the source of my knowledge and belief.

The Mortgage in Question

2. Harbour Mortgage Corp. ("**Harbour**"), the servicing agent shown on the face of a mortgage in favour of The Equitable Trust Company now Equitable Bank ("**Equitable**"),

registered as Instrument No. YR1760250 on December 16, 2011 against title to the real property known municipally as 5770 and 5780 Highway 7, Vaughan, Ontario in the face amount of \$11,600,000¹. The owner of the property is Royal Agincourt Corp.

3. The due performance of all obligations pursuant to the mortgage in question was guaranteed by Norma Walton and Ronauld Walton. The mortgage also contains, at paragraph 19 of Schedule 1, a “no subsequent financing” clause, without the prior written consent of Harbour/Equitable.

4. The issuance of the Managership Order (referred to hereinafter as the “**Receivership Order**”) in itself constitutes an event of default under the relevant mortgage. Otherwise, the mortgage is not in monetary default. By its terms, the mortgage in question matured on January 1, 2013, and by agreement of the parties, the term of the mortgage was extended to February 5, 2014 and accordingly, the mortgage will mature (and presumably Harbour/Equitable will be in a position to sell the property) in February, 2014.

5. Harbour/Equitable also holds an Assignment of Rents in respect of this property².

6. Equitable Trust c/o Harbour Mortgage also holds the only *Personal Property Security Act* registration³ against the borrower, Royal Agincourt Corp.

¹ Attached hereto and marked as Exhibit “A” is a true copy of the Charge/Mortgage referenced above and the Parcel Register for the property in question.

² Attached hereto and marked as Exhibit “B” is a true copy of the General Assignment of Rents

³ Attached hereto and marked as Exhibit “C” is a true copy of the *Personal Property Security Act* search obtained December 4, 2013.

Prior Orders

7. All prior Orders made in this proceeding, including the Receivership Order which directly and adversely impacts on the rights of Harbour/Equitable have been obtained without notice to Harbour/Equitable.

8. The fact that the Applicant in these proceedings, Dr. Bernstein, elected to proceed with such drastic proceedings without prior consultation with Harbour/Equitable is highly objectionable.

9. In fact, even more alarming, notwithstanding specific representations made by the purported principals of Royal Agincourt as to the identity of all equity holders of Royal Agincourt, throughout the process that led up to the registration of the subject mortgage and the advance of funds, neither Harbour/Equitable were made aware by any of the parties in this dispute that Dr. Bernstein was even a shareholder of the subject companies. Harbour/Equitable only became aware that Dr. Bernstein was involved in the affairs of the borrower companies as a result of being served with a copy of the Receivership Order after it was issued.

10. Harbour/Equitable is extremely concerned with the way this matter has progressed and does not wish to become embroiled in any way in the dispute between the Waltons and Dr. Bernstein. Harbour/Equitable wishes simply to have the subject properties sold in the most expeditious and efficient manner and to obtain repayment of its mortgage advance at the earliest possible opportunity.

Variation of the Receivership Order

11. Although Harbour/Equitable is prepared to accept the continuation of the existing receivership, it is not prepared to do so on the terms originally obtained by Dr. Bernstein. Harbour/Equitable does not see any particular benefit to this receivership for any party other than

potentially Dr. Bernstein. Certainly, neither Harbour/Equitable will benefit from this receivership, apart from the sales process which Harbour/Equitable supports. As a result Harbour/Equitable will not accept any priming of the mortgage for the manager's fees or disbursements or the registration of any charges in favour of Dr. Bernstein, even subsequent in priority to the existing mortgage.

12. The registration of any such charge is a violation of the "no subsequent encumbrances" term of the mortgage, will unduly complicate the proceeding, will add needlessly to the expense of the proceeding, will impede the rights of the mortgagee to enforce its rights, and, most importantly, elevates an unsecured shareholders loan to the status of a secured debt in circumstances where there is no compelling reason to do so. Dr. Bernstein, it should be remembered, does not even hold a judgment in this case.

13. Specifically, it is Harbour/Equitable's position that:

- (a) The receiver's charge securing payment of the fees and disbursements of the receiver and its counsel should not in any way take priority over the consensually-registered mortgage in question, in any amount;
- (b) Any rental proceeds of operation of this property should be in a "lock boxed" or "ringfenced" such that all proceeds remain in a segregated account operated by the manager, or held in the name of Royal Agincourt Corp.;
- (c) The mortgage must be kept in good standing and all taxes, insurance and maintenance payments must be made in a timely manner;
- (d) The prior consent of Harbour/Equitable should be required for any sales process and in respect of any actual proposed sale of the property.

- (e) There is no basis law for the request for a Court-ordered charge on this property as requested in the motion materials filed by Dr. Bernstein. Once the first-ranking mortgage and any other legitimate encumbrances have been paid out, all further proceeds can be retained by the manager. Dr. Bernstein and the Waltons can later contest entitlement to those proceeds. Presumably, if those proceeds are held by the manager, who is a Court officer, they will be safely secured; and
- (f) The Receiver should be required to solicit marketing offers from reputable commercial real estate brokers and engage in a sales process immediately, with the aim of selling the property at the earliest possible opportunity, obviously taking into account the necessity to obtain the highest possible price in the circumstances.

14. If the above terms cannot be consensually agreed to, it is anticipated that Harbour/Equitable will bring a Motion to vary the Receivership Order to reflect the above terms.

3270 American Drive

15. At paragraph 1 (h) (iii) of the motion materials filed by Dr. Bernstein, Dr. Bernstein requests the registration of a Certificate of Pending Litigation and a blanket charge over a number of properties, including 3270 American Drive, Mississauga, Ontario.

16. 3270 American Drive is owned by a company called United Empire Lands Ltd. (“United Empire”)⁴. United Empire is not a party to these proceedings.

17. Harbour/Equitable is the service agent in respect of a mortgage in the face amount of \$5,000,000 registered against title to this property. As is the case with the Royal Agincourt

⁴ Attached hereto and marked as Exhibit “D” is a copy of the Parcel Register in connection with 3270 American Drive, Mississauga.

property, Norma and Ronauld Walton guaranteed the due observance of all obligations pursuant to this mortgage and the schedule to the mortgage contains a “no subsequent encumbrancer” clause, with the exception of one specific mortgage which is contemplated by the terms of the mortgage schedule. Harbour/Equitable, also holds a General Assignment of Rents and an Assignment of a Specific Lease in respect of this particular property⁵.

18. Harbour/Equitable objects to the request for a CPL and charge against this property for the reasons set out above in respect of the Royal Agincourt property. Simply put, these drastic measures are overkill in the circumstances and will adversely affect Harbour/Equitable’s rights in particular, its ability to oversee the sale of the property by the borrower in an expeditious fashion, cost-effectively and for the highest possible value. The equities do not, contrary to the Factum served by Dr. Bernstein, favour the registration of a CPL.

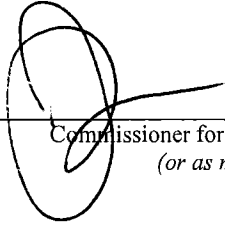
19. In Harbour/Equitable’s view, it makes more sense for Harbour/Equitable to oversee or control a sales process in respect of the American Drive property. Harbour/Equitable is prepared to permit the owner of the property to engage a marketing process which would be overseen by Harbour/Equitable pursuant to the terms of a Forbearance or Standstill Agreement. The intention underlying the Agreement would be to convert this asset into cash. After payment of the mortgages registered on title and any other valid encumbrances, the proceeds of sale could presumably be paid into Court and Dr. Bernstein and the Waltons will have the opportunity at the appropriate time to make full argument as to the disposition of those proceeds, without the useless and expensive necessity of the involvement of the mortgages.

⁵ Attached hereto and marked as Exhibit “E” is the General Assignment of Rents and Assignment of a Specific Lease.

20. As with the Royal Agincourt property, this proposed method of proceeding ensures that the property is sold in an efficient and cost-effective manner, that the legitimately-registered encumbrances on title are paid out (as they should be) and that the remaining proceeds of sale are secured in the hands of the Court or a court officer as appropriate. All parties' interest would be appropriately protected.

21. I make this affidavit in good faith in support and for no improper purpose

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
December 17, 2013




Commissioner for Taking Affidavits
(or as may be)



BRUCE SHEPHERD

TAB A

This is Exhibit "A" referred to in the Affidavit of Bruce Shepherd
sworn December 24, 2013



Commissioner for Taking Affidavits (or as may be)

Properties

PIN 03311 - 1065 LT *Interest/Estate* Fee Simple
Description PT LOT 6, CON 8 PTS 1 TO 13 65R18522 EXCEPT PTS 4,5 & 6, 65R24437;
 VAUGHAN; T/W VA37896, VA63377, R717713; VAUGHAN; T/W EASE OVER PT
 COMMON ELEMENTS PT 1, 65R20425 AS IN LT1434473. S/T R275852.
Address 5770 AND 5780 HIGHWAY NO. 7
 VAUGHAN

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 ROYAL AGINCOURT CORP.
Address for Service c/o Walton Associates
 30 Hazelton Avenue
 Toronto, Ontario, Canada 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.

Chargee(s)*Capacity**Share*

Name THE EQUITABLE TRUST COMPANY
Address for Service c/o Harbour Mortgage Corp.
 36 Toronto Street, Suite 500
 Toronto, Ontario M5C 2C5

Statements

Schedule: See Schedules

Provisions

Principal \$11,600,000.00 *Currency* CDN
Calculation Period monthly, not in advance
Balance Due Date 2013/01/01
Interest Rate 5.69% per annum
Payments \$55,003.33
Interest Adjustment Date 2012 01 01
Payment Date interest only on the first day of each month
First Payment Date 2012 02 01
Last Payment Date 2013 01 01
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor NORMA WALTON AND RONAULD WALTON

Signed By

Leonard David Rodness 1500-151 Yonge St. acting for Chargor Signed 2011 12 16
 Toronto (s)
 M5C 2W7

Tel 4168631188

Fax 4168630305

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

Submitted By

TORKIN MANES LLP 1500-151 Yonge St.
 Toronto
 M5C 2W7

2011 12 16

Submitted By

Tel 4168631188
Fax 4168630305

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
Total Paid	\$60.00

File Number

Chargee Client File Number : 17349.0144

SCHEDULE - PAGE 1

1. STANDARD CHARGE TERMS

The terms contained in this schedule are in addition to the terms contained in the Standard Charge Terms. In the event of any conflict between the terms contained in this schedule and those contained in the Standard Charge Terms, the terms contained in this schedule shall, to the extent of the conflict, prevail. If the Standard Charge Terms or the Charge refer to a Guarantor, the term "Guarantor" shall include any party named anywhere in the Charge as a guarantor or covenantor.

2. SHORT FORMS OF MORTGAGES ACT

If any of the forms of words contained herein are also contained in Column One of Schedule B of the *Short Forms of Mortgages Act*, R.S.O. 1980, Ch. 474 ("SFMA") and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if the Charge contained the form of words in Column Two of Schedule B of the SFMA distinguished by the same number, and the Charge shall be interpreted as if the SFMA was still in full force and effect. The provisions of the Charge and its short form clauses shall not derogate from the Chargee's rights under the long clauses in the SFMA which shall be in addition thereto or in substitution for part or parts thereof as the Chargee may elect and all shall have the force of covenant.

3. DEFINITIONS

In this schedule, the following definitions apply:

- (a) **Balance Due Date** means the date set out in the Provisions section of the Charge under the heading "Balance Due Date";
- (b) **Charge** means the Charge/Mortgage to which this Schedule is attached and including the Standard Charge Terms and including this schedule;
- (c) **Chargee** means each party named as a chargee or mortgagee in the Charge under the "Chargee(s)" section and its or his heirs, executors, administrators, successors and assigns, as the case may be;
- (d) **Chargor** means each party named as a chargor or mortgagor in the Charge under the "Chargor(s)" section and its or his heirs, executors, administrators, successors, and assigns, as the case may be;
- (e) **Commitment Letter** means the letter issued by the Chargee or the Chargee's agent dated November 25, 2011, and addressed to the Chargor or the Chargor's agent setting out the terms of the loan secured by the Charge, as it may be amended from time to time;
- (f) **Costs** means all of the fees, costs, charges, losses, damages and expenses incurred by the Chargee as a direct or indirect consequence of granting the loan secured by the Charge including, without limitation, all expenses incurred in the construction, preservation, maintenance, repair, insuring and realization of the security contained herein, and all legal costs incurred by the Chargee as between a solicitor and his own client;
- (g) **Covenantor** means each party named as a guarantor in the Provisions section of the Charge and each Covenantor's heirs, executors, administrators, successors and assigns, as the case may be;
- (h) **Interest** means interest at the Interest Rate calculated monthly, not in advance, and payable on the Principal Amount and such other amounts as provided in the Charge both before and after maturity, default, and judgment;
- (i) **Interest Adjustment Date** means the date set out in the Provisions section of the Charge under the heading "Interest Adjustment Date";
- (j) **Interest Rate** means the interest rate per annum set out in the Provisions section of the Charge under the heading "Interest Rate";

- (k) **Land Registry Office** means the Land Registry Office in which this Charge is registered;
- (l) **Monthly Payments** means the payments made each month in the amount set out in the Provisions section of the Charge under the heading "Payments";
- (m) **Principal Amount** means the principal amount in lawful money of Canada set out in the Provisions section of the Charge under the heading "Principal" as it may be increased or decreased prior to registration of a discharge of the Charge;
- (n) **Property** means the lands described in the Properties section of the Charge and all buildings, fixtures and improvements now or hereafter brought or erected thereon;
- (o) **Receiver** means a receiver or receiver-manager of the Property; and
- (p) **Standard Charge Terms** means the set of Standard Charge Terms referred to in the Provisions section of the Charge under the heading "Standard Charge Terms".

4. CHARGE

Upon the request of the Chargee, the Chargor hereby gives the Charge and charges the Property as security for full payment to the Chargee of the Principal Amount, Interest and all other amounts payable hereunder and as security for the observance and performance of all of the obligations of the Chargor to the Chargee pursuant to the Charge or otherwise.

5. MONTHLY PAYMENTS

Interest on the Principal Amount from time to time advanced prior to the Interest Adjustment Date, computed from the respective dates of such advances to the Interest Adjustment Date, shall, at the option of the Chargee, be deducted from the advances or paid by the Chargor at such time or times as the Chargee may require and such Interest may be so deducted or paid in advance; after the Interest Adjustment Date, interest on the Principal Amount with Interest computed from the Interest Adjustment Date, shall become due and be paid in Monthly Payments as provided in the Charge and the balance, if any, of the Principal Amount and Interest shall become due and payable on the Balance Due Date. The Monthly Payments, when received, shall be applied firstly to outstanding Costs, secondly to outstanding Interest and the balance, if any, in reduction of the outstanding Principal Amount.

6. CHARGOR'S COVENANTS

The Chargor covenants with the Chargee:

- (a) that the Chargor has a good title in fee simple to the Property except as the records of the Land Registry Office disclose;
- (b) that the Chargor will execute such further assurances of the Property as may be requisite; and
- (c) that the Chargor does hereby release to the Chargee all of the Chargor's claims upon the Property.

7. TAXES

The Chargor shall, if it is in default of its obligation to pay Taxes as set out herein and if required by the Chargee, pay to the Chargee monthly on each payment date hereunder, 1/12th of the amount (as estimated by the Chargee) of all taxes, rates and assessments, municipal, local, parliamentary or otherwise, which affect the Property ("Taxes") payable within one year following the Chargee's request and the Chargor hereby authorizes the Chargee to remit such amounts to pay such Taxes. The Chargee shall pay interest to the Chargor, on the date or dates and at a rate or rates, from time to time determined by the Chargee, on the amount of such payments by the Chargor to the Chargee from the date such payments are received by the Chargee until the Taxes are paid. If the Chargee does not require the Chargor to pay the Taxes to the Chargee as herein provided, the Chargor shall pay to the relevant taxing authority all Taxes when due and, upon the Chargee's request, the Chargor shall deliver to the Chargee within seven (7) days evidence of payment of Taxes.

8. COSTS

Costs shall be forthwith due and payable by the Chargor to the Chargee and shall bear Interest until fully paid.

9. INSURANCE PROVISIONS

- (a) In addition to the insurance provided for under the Standard Charge Terms, the Chargor, in accordance with the provisions of this paragraph, shall maintain insurance against the perils therein described on all chattels used on, in or about the Property and shall maintain boiler and machinery insurance, builder's risk insurance and such other insurance as may be reasonably required by the Chargee including loss of rental income insurance on a one hundred percent (100%) basis. The fire insurance on the buildings and chattels on the Property shall contain a standard extended coverage endorsement of one hundred percent (100%) replacement cost or the full insurable value, whichever shall be the greater, but in no event less than the Principal Amount and shall contain the standard mortgage endorsement clause (IBC 3000). All policies must allow for partial occupancy. The Chargor shall also maintain comprehensive public liability coverage for a minimum of FIVE MILLION DOLLARS (\$5,000,000.00) per each occurrence. No insurance may be subject to a co-insurance clause.
- (b) The Chargor shall provide upon the anniversary date of the Charge or at such further time or times as requested by the Chargee written evidence of the existence and continuation of the insurance as required by the Charge.
- (c) In the event that evidence of continuation of insurance as herein required has not been delivered to the Chargee, the Chargee shall be entitled to a servicing fee for each written enquiry which the Chargee shall make to the insurers pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee pursuant to the within provision arranges insurance coverage in accordance with this provision, the Chargee, in addition to the aforementioned servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

10. SALE OF PROPERTY

The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Property hereby charged to a purchaser or transferee not approved, in writing, by the Chargee, all monies hereby secured with accrued interest thereon shall at the option of the Chargee, forthwith become due and payable.

11. NO PREPAYMENT PRIVILEGE

The Chargor shall have no privilege of prepaying the whole or any part of the Principal Amount prior to maturity.

12. DANGEROUS SUBSTANCES

To the best of the Chargor's knowledge, the Chargor represents and warrants that there are not in, on, under or about the Property, or any part thereof, any Dangerous Substances as defined herein, and neither the Property nor any adjacent lands have ever been used as or for a waste disposal or coal gasification site, nor have they ever contained any underground storage tanks and the use of the Property has not involved and will not involve, during the term of the Charge, the handling of Dangerous Substances nor will such use result in any environmental damage, and there are no outstanding or threatened claims or work orders against the Property relating to environmental matters. "Dangerous Substances" means any contaminants, toxic, dangerous or hazardous substances including, without limitation, urea formaldehyde foam insulation, asbestos fireproofing insulation, polychlorinated biphenyls (PCBs) or radioactive materials.

13. HAZARDOUS WASTE

In consideration of the advance of funds by the Chargee, the Chargor and the Covenantor hereby agree that, in addition to any liability imposed on the Chargor and Covenantor under any

instrument evidencing or securing the loan indebtedness, the Chargor and Covenantor shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the Charge and any other existing obligations of the Chargor and Covenantor to the Chargee in respect of the Charge and any other exercise by the Chargee of any remedies available to it for any default under the Charge.

14. ENVIRONMENTAL CLAUSE

The Chargee or agent of the Chargee may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or its agent, enter upon the Property to inspect the land and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or its agent may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or its agent and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee or its agent to be in possession, management or control of the Property.

15. CONSTRUCTION LIEN ACT

The Chargor warrants that no monies secured by the Charge are or will be used to finance an improvement to the Property including, without limitation, any alteration, addition or repair to the Property or any construction, erection or installation thereon.

16. PROPERTY MANAGEMENT

The Chargor shall maintain at all times professional property management for the Property acceptable to the Chargee. Any change in the property management of the Property shall be subject to the prior approval of the Chargee, both as to the manager and the terms and conditions of the management agreement.

17. INSPECTION

The Chargee, its agents and employees shall have the right to enter upon the Property at all reasonable times to inspect and the costs of such inspections shall be forthwith payable by the Chargor to the Chargee.

18. SURVIVAL OF COMMITMENT LETTER

The agreements, covenants, representations, warranties, provisions and stipulations (in this section collectively referred to as "provisions") contained in the Commitment Letter form an integral part of the Charge and all such provisions shall be deemed to be contained in the Charge and have the same force and effect as if they were fully set forth herein. To the extent that any provision or provisions of the Commitment Letter conflict with any provision or provisions of the Charge, to the extent only of the conflict, the Chargee shall elect which provisions apply.

19. SUBSEQUENT FINANCING

The Chargor agrees that no subsequent encumbrances may be placed on the Property without the prior written consent of the Chargee, which consent shall not be unreasonably withheld.

20. EVENTS OF DEFAULT

The Chargor at the sole option of the Chargee shall be in default under the Charge if any one or more of the following events of default (an "Event of Default") occurs at any time or times prior to registration of a complete discharge of the Charge:

- (a) the Chargor defaults under any one or more of the covenants, conditions, terms, agreements, provisions and obligations contained in the Charge to be kept, observed and performed by the Chargor;

- (b) the Chargor becomes insolvent, bankrupt or a trustee in bankruptcy is appointed for the Chargor or the Chargor makes a general assignment for the benefit of creditors or goes into liquidation either voluntarily or under an order of the court of competent jurisdiction or otherwise acknowledges his insolvency;
- (c) there is shown to be any discrepancy or inaccuracy in any written information, statement, warranty or representations made or furnished to the Chargee by or on behalf of the Chargor or Covenantor with respect to the Property or the Chargor's or any Covenantor's financial condition and if such discrepancies or inaccuracies are material in the opinion of the Chargee;
- (d) any charge or encumbrance affecting the Property is in default;
- (e) the Chargor obtains subsequent financing or refinancing of the Property without the prior written consent of the Chargee;
- (f) the Chargor defaults under any one or more covenants, conditions, terms, agreements, provisions and obligations contained in any document, including the Environmental Indemnity delivered by the Chargor to the Chargee contemporaneously with this Charge, submitted to the Chargee by or on behalf of the Chargor in connection with the Charge;
- (g) the Chargor sells, conveys or transfers the Property or enters into an agreement to effect any of the foregoing without the prior written consent of the Chargee;
- (h) upon the death of the Chargor or one or more of the Covenantors;
- (i) any or all of the shares issued and outstanding in the capital stock of the Chargor are directly or indirectly transferred, pledged, encumbered, hypothecated or dealt with in any manner whatsoever without the Chargee's prior written consent or the Chargee determines, in its sole and unfettered discretion, that there is a change in control of the Chargor which has occurred without the Chargee's prior written consent;
- (j) there is litigation or any other proceeding, application, claim or action pending or threatened before any court, administrative board, or other tribunal which, if determined adversely to the Chargor or Covenantor, in the sole opinion of the Chargee, acting reasonably, would materially affect the Property, the financial condition of the Chargor, Covenantor or the value of the Property;
- (k) there is rendered against the Chargor a final judgment, order or decree for the payment of money which, in the sole opinion of the Chargee, will materially affect the Property, the financial condition of the Chargor or Covenantor or the value of the Property;
- (l) any material changes, additions or alterations are made to the Property, including material changes in usage, without the prior written consent of the Chargee; or
- (m) the Chargor is in contravention of the *Residential Tenancies Act* or any predecessor and/or successor legislation thereto which contravention materially affects the value of the Property.

If any of the foregoing Events of Default shall occur then, notwithstanding the provisions of any other agreement between the Chargor and the Chargee and at the option of the Chargee, the whole of the Principal Amount and Interest and all other amounts payable hereunder shall immediately become due and payable and the Chargee shall be relieved of any further obligations to advance monies to the Chargor. If an Event of Default is waived by the Chargee, such waiver shall not operate as a waiver of any other, further or continuation of the same Event of Default.

21. RIGHT TO DISTRAIN

The Chargee may distrain for arrears of any portion of the Principal Amount, Interest or any other amounts due and unpaid hereunder. The Chargor waives all rights to claim exemption and confirms that there is no limit in the amount for which the Chargee may distrain.

22. APPOINTMENT OF RECEIVER

- (a) At any time after the security hereby constituted becomes enforceable, or the Principal Amount shall have become payable, the Chargee may from time to time appoint by writing a Receiver or a Receiver-Manager, as it shall elect (hereinafter called "Receiver"), with or without Bond, and may from time to time remove the Receiver and appoint another in his stead, and any such Receiver appointed hereunder shall have the following powers:
- (i) To take possession of the Property and to collect and get in the same and for such purpose to enter into and upon any lands, buildings and premises wheresoever and whatsoever and for such purpose to do any act and take any proceedings in the name of the Chargor or otherwise as he shall deem necessary;
 - (ii) To carry on or concur in carrying on the business of the Chargor, and to employ and discharge agents, workmen, accountants and others upon such terms and with such salaries, wages or remuneration as he shall think proper, and to repair and keep in repair the Property and to do all necessary acts and things for the carrying on of the business of the Chargor and the protection of the Property of the Chargor;
 - (iii) To sell or lease or concur in selling or leasing any or all of the Property, or any part thereof, and to carry any such sale or lease into effect by conveying in the name of or on behalf of the Chargor or otherwise; and any such sale may be made either at public auction or private sale as seen fit by the Receiver and any such sale may be made from time to time as to the whole or any part or parts of the Property; and he may make any stipulations as to title or conveyance or commencement of title or otherwise which he shall deem proper; and he may buy or rescind or vary any contracts for the sale of any part of the Property and may resell the same; and he may sell any of the same on such terms as to credit or part cash and part credit or otherwise as shall appear in his sole opinion to be most advantageous and at such prices as can reasonably be obtained therefor and in the event of a sale on credit neither he nor the Chargee shall be accountable for or charged with any monies until actually received;
 - (iv) To make any arrangement or compromise which the Receiver may think expedient in the interest of the Chargee and to consent to any modification or change in or omission from the provisions of the Charge and to exchange any part or part of the Property for any other property suitable for the purposes of the Chargee and upon such terms as may seem expedient and either with or without payment or exchange of money or regard to the equality of the exchange or otherwise;
 - (v) To borrow money to carry on the business of the Chargor and to charge the whole or any part of the Property in such amounts as the Receiver may from time to time deem necessary and in so doing the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under such certificates shall charge the Property in priority to the Charge;
 - (vi) To execute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of the Property, to defend all suits, proceedings and actions against the Chargor or the Receiver, to appear in and conduct the prosecution and defense of any suit, proceedings or action then pending or thereafter instituted and to appeal any suit, proceeding or action;
 - (vii) To execute and deliver to the purchaser of any part or parts of the Property, good and sufficient transfer or transfers for the same, the Receiver hereby being constituted the irrevocable attorney of the Chargor

for the purpose of making such sale and executing such transfer or transfers, and any such sale made as aforesaid shall be a perpetual bar both in law and equity against the Chargor, and all other persons claiming the Property or any part thereof by, from, through or under the Chargor, and the proceeds of any such sale shall be distributed in the manner hereinafter provided.

- (b) It is agreed that no purchaser at any sale purporting to be made in pursuance of the aforesaid power or powers shall be bound or concerned to see or inquire whether any default has been made or continued, or whether any notice required hereunder has been given, or as to the necessity or expediency of the stipulations subject to which such sale shall have been made, or otherwise as to the propriety of such sale or regularity of its proceedings, or be affected by notice that no such default has been made or continues, or notice given as aforesaid, or that the sale is otherwise unnecessary, improper or irregular; and notwithstanding any impropriety or irregularity or notice thereof to such purchaser, the sale as regards such purchaser shall be deemed to be within the aforesaid power and be valid accordingly and the remedy (if any) of the Chargor, or of any party claiming by or under the Chargor, in respect of any impropriety or irregularity whatsoever in any such sale shall be in damages only.
- (c) The revenue of the business of the Chargor and the net proceeds of any sale of the Property or part or parts thereof shall be applied by the Receiver subject to the claims of any creditors ranking in priority to the Charge:
 - (i) Firstly, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by him of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by him;
 - (ii) Secondly, in payment of all Costs;
 - (iii) Thirdly, in payment to the Chargee of the Principal Amount hereunder;
 - (iv) Fourthly, in payment to the Chargee of all Interest, arrears of Interest and any other monies remaining unpaid hereunder;
 - (v) Fifthly, any surplus shall be paid to the Chargor provided that, in the event that any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the Receiver deems appropriate in the circumstances.
- (d) The Chargee shall not be liable to the Receiver for his remuneration costs, charges or expenses, and the Receiver shall not be liable for any loss howsoever arising unless the same shall be caused by his own negligence or wilful default; and he shall, when so appointed by notice in writing pursuant hereto, be deemed to be the agent of the Chargor and the Chargor shall be solely responsible for his acts and defaults and for his remuneration.

23. CHARGE NOT A CHARGE IN POSSESSION

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

24. SPECIFIC ASSIGNMENT OF LEASES

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

25. ADDITIONAL SECURITY

In the event that the Chargee, in addition to the Property, holds or shall hold, in the future, further security on account of the Principal Amount, it is agreed that no single or partial exercise of any of the Chargee's powers under the Charge or any of such further security (the Charge and

any such further security are hereinafter together referred to as the "Security"), shall preclude other and further exercise of any other right, power or remedy pursuant to the Security. The Chargee shall at all times have the right to proceed against all, any or any portion of the Security in such order and in such a manner as the Chargee shall, in the Chargee's sole and unfettered discretion, deem fit without waiving any rights which the Chargee might have with respect to the Security and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Chargor under the remaining Security.

26. FINANCIAL STATEMENTS

As long as there is any amount owing by the Chargor to the Chargee pursuant to the Charge, the Chargor shall deliver to the Chargee:

- (a) within 120 days after the end of each fiscal year of the Chargor, or within 120 days after the end of each calendar year, if applicable or if the Chargor is an individual, or more often if requested by the Chargee, review engagement financial statements of the Chargor including a separate income and expense statement for the Property, an operating statement and an updated rent roll containing relevant lease terms for the Property, all satisfactory to the Chargee in form and content;
- (b) a review engagement financial statement within 120 days after the end of each fiscal year of each corporate Covenantor, or more often if requested by the Chargee, and, in the case of each individual Covenantor, a personal net worth statement within 120 days after the end of each calendar year, or more often, if requested by the Chargee, such statements to be in form and content satisfactory to the Chargee; and
- (c) as soon as reasonably possible, such further information as the Chargee may reasonably require from time to time.

27. CHANGES AND ALTERATIONS

The Chargor covenants and agrees that any major changes to the Property including, without limitation, major changes in easements and in the structures forming part of the Property, shall not be commenced without first obtaining the Chargee's written approval. The Chargor covenants and agrees that, during the course of any work being performed on the Property, such work shall proceed in a diligent manner and shall not be stopped for more than ten consecutive days before recommencing on an ongoing basis failing which the Chargee shall be entitled, but not obliged, to proceed with such work and any expenses incurred by the Chargee shall be deemed a Cost hereunder.

28. FURTHER ASSURANCES

The Chargor shall, at any time and from time to time, make, execute and deliver or cause to be made, executed and delivered to the Chargee such further and other reasonable acts, deeds, mortgages, charges, conveyances and assurances as may be required to fully and essentially carry out the true intention and meaning of the Charge and the costs to the Chargee, if any, of obtaining such further assurances shall be forthwith paid by the Chargor to the Chargee. No amendment, approval, waiver or consent relating to this Charge shall be valid unless same is in writing and executed by the Chargee.

29. PAYMENT AFTER DEFAULT

After default in the payment of part or all of the Principal Amount, the Chargee shall not be required to accept payment in satisfaction of the outstanding Principal Amount without, in addition to all monies payable under the Charge, a bonus equal to 3 months' Interest in advance on the Principal Amount outstanding. The Chargor shall not be entitled to a discharge of the Charge without payment of such bonus or 3 months' written notice of such payment in lieu thereof. Nothing in this section shall, however, affect or limit the right of the Chargee to recover by action or otherwise the Principal Amount in arrears.

30. SALE BY CHARGOR

No sale or other dealing by the Chargor with the Property or any part thereof shall in any way change or affect the liability of the Chargor hereunder, or in any way alter the rights of the Chargee as against the Property, the Chargor or any other person or persons liable for payment of the Principal Amount.

31. PAYMENTS AND FEES

Payments shall be made by pre-authorized direct deposit.

In the event that any of the Chargor's cheques or payments are not honoured when presented for payment, or any payment is not made when required as set out herein, the Chargor shall pay to the Chargee for each such cheque or payment the sum of \$500.00 as a liquidated amount to cover the Chargee's administrative costs and not as a penalty and each sum shall be a charge upon the Property and shall bear interest at the Interest Rate.

The Chargor shall pay to the Chargee an administration fee of \$250.00 for each advance.

The Chargor shall pay to the Chargee a discharge fee of \$250.00 for each discharge or partial discharge document executed by the Chargee exclusive of legal fees and H.S.T.

32. PAYMENTS

Any payment made by the Chargor to the Chargee which is received by the Chargee on a non-business day of the Chargee or after 12:00 noon on any business day of the Chargee shall be deemed to have been received by the Chargee on the next business day of the Chargee.

33. GUARANTEE AND POSTPONEMENT OF CLAIM

In consideration of the Chargee advancing all or any part of the Principal Amount to the Chargor or as the Chargor directs, the Covenantor hereby covenants and agrees, as principal debtor and not merely as surety (subject to Subparagraph (b) of this Section), to duly pay and discharge all present and future liabilities and obligations of the Chargor to the Chargee under the Charge or otherwise (the "Liabilities") including, without limiting the foregoing, to pay the Principal Amount, all Interest and Costs and to perform all of the Chargor's obligations under the Charge and agrees that:

- (a) Regardless of whether or not any other person shall be or become in any way responsible to the Chargee for, or in respect of, the Liabilities or any part thereof, and regardless of whether or not any other person now or hereafter responsible to the Chargee for the Liabilities or any part thereof shall cease to be so liable, this Guarantee shall be a continuing guarantee and:
 - (i) shall not be determined or otherwise affected or the Chargee's rights hereunder prejudiced by the discontinuance of the obligations under the Charge against any other person who may be liable hereunder;
 - (ii) shall not be determined or otherwise affected by any amendments, renewals, extensions or novations of the Charge regardless of whether the Covenantor was aware of, or consented to such amendments, renewals, extensions or novations unless a written release of the Covenantor has been authorized by the Chargee;
- (b) The obligation of the Covenantor hereunder to pay and discharge all of the Liabilities shall continue and be in full force and effect at all times while the Property is not fully occupied by tenants in occupation pursuant to bona fide leases, open for business and paying full rent pursuant to such leases. At such time or times as the Property is fully occupied by tenants in occupation pursuant to bona fide leases, open for business and paying full rent pursuant to such leases, the obligation of the Covenantor hereunder to pay and discharge the Liabilities shall be limited to twenty-five percent (25%) of the principal amount outstanding plus Interest and Costs.

- (c) The Chargee may from time to time grant to the Chargor or to any other person liable to the Chargee for the Liabilities time for payment or any other indulgence without in any way prejudicing or affecting any of the Chargee's rights against the Covenantor;
- (d) The statement in writing from the Chargee as to the outstanding amount of the Liabilities shall be binding upon the Covenantor and conclusive against the Covenantor. All right to question in any way the Chargee's present or future method of dealing with the Chargor or with any other person now or hereafter liable to the Chargee for the Liabilities or any part thereof or with the Property is hereby waived. The Covenantor hereby renounces all benefits of discussion and division, and the Chargee shall not be bound to exhaust its recourse against the Chargor or any other person or the Property before requiring or being entitled to payment from the Covenantor;
- (e) All debts and liabilities, present and future, of the Chargor to the Covenantor are hereby assigned to the Chargee and postponed to the Liabilities and all monies received from the Chargor or for its account by the Covenantor shall be received in trust for the Chargee, and forthwith upon receipt paid over to the Chargee until the Liabilities are fully paid and satisfied, all without prejudice to and without in any way limiting or lessening the liability of the Covenantor to the Chargee hereunder;
- (f) The Covenantor hereby expressly waives in favour of the Chargee notice of the existence or creation of all or any of the Liabilities, all diligence in collection or protection of or realization upon the Liabilities or any part thereof, any obligation hereunder, or any security for any of the foregoing, and presentment, demand, notice of dishonour, protest and all other notices whatsoever;
- (g) No delay on the Chargee's part in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Chargee of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy;
- (h) This Guarantee shall be jointly and severally binding upon the Covenantor (if more than one), and upon the Covenantor's heirs, legal representatives, successors and assigns and shall enure to the benefit of the Chargee and its successors and assigns;
- (i) The Covenantor shall be held and bound to the Chargee directly as principal debtor in respect of the due payment and full discharge of the Liabilities; and
- (j) Any notice or demand which the Chargee may wish to give may be served on the Covenantor or the Covenantor's legal representatives either personally, by telecopy ("fax") to the last known fax number of the party being served or by ordinary mail to the address for service of the party being served as shown herein, and any notice served personally, by fax or mail shall be deemed to be served on the day it was delivered, faxed or mailed, respectively.

34. ASSIGNMENT BY CHARGEЕ

The Chargee may assign or syndicate the loan for which this Charge is security without the consent of the Chargor.

35. VALIDITY OF PROVISIONS

If any provision of the Charge is held to any extent invalid or unenforceable, the remainder of the Charge shall not be affected and shall remain valid and enforceable.

36. TIME OF THE ESSENCE

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

37. INTERPRETATION AND HEADINGS

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

17349.0144/4533641_1

PROPERTY DESCRIPTION: PT LOT 6, CON 8 PTS 1 TO 13 65R18522 EXCEPT PTS 4,5 & 6, 65R24437; T/W VA37896,VA63377, R717713; T/W EASE OVER PT COMMON ELEMENTS PT 1, 65R20425 AS IN LT1434473. S/T R275852 ; ; CITY OF VAUGHAN

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
DIVISION FROM 03311-0807

PIN CREATION DATE:
2003/08/07

OWNERS' NAMES
ROYAL AGINCOURT CORP.

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2003/08/07 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1999/05/25 **						
65R18522	1996/07/03	PLAN REFERENCE				C
R701794	1997/06/23	AGREEMENT		ROYBRIDGE INVESTMENTS LIMITED	CITY OF VAUGHAN	C
REMARKS: RE: SITE PLAN CONTROL.						
LT1434472	1999/12/10	NOTICE AGREEMENT		ROYBRIDGE INVESTMENTS LIMITED	YORK REGION COMDOMINIUM CORPORATION NO. 533	C
YR212200	2002/09/30	TRANSFER		*** COMPLETELY DELETED *** REAGENS CANADA LTD.	SREIT (ROYAL) LTD.	
REMARKS: PLANNING ACT STATEMENTS						
YR212201	2002/09/30	CHARGE		*** DELETED AGAINST THIS PROPERTY *** SREIT (ROYAL) LTD.	BANK OF MONTREAL	
YR212202	2002/09/30	NO ASSGN RENT GEN		*** DELETED AGAINST THIS PROPERTY *** SREIT (ROYAL) LTD.	BANK OF MONTREAL	
REMARKS: YR212201						

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.

LAND
 REGISTRY
 OFFICE #65

03311-1065 (LT)

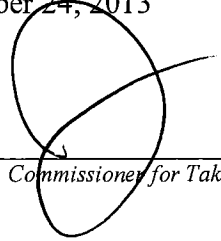
* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
YR395631	2003/11/28	TRANSFER		*** COMPLETELY DELETED *** SREIT (ROYAL) LTD.	SREIT (CENTRAL NO. 1) LTD.	
YR436296	2004/03/03	DISCH OF CHARGE		*** COMPLETELY DELETED *** BANK OF MONTREAL		
		REMARKS: RE: YR212201				
YR437554	2004/03/05	CHARGE		*** COMPLETELY DELETED *** SREIT (CENTRAL NO. 1) LTD.	BNY TRUST COMPANY OF CANADA	
YR437555	2004/03/05	NO ASSGN RENT GEN		*** COMPLETELY DELETED *** SREIT (CENTRAL NO.1) LTD	BNY TRUST COMPANY OF CANADA	
		REMARKS: RE: YR437554				
YR1559981	2010/10/08	DISCH OF CHARGE		*** COMPLETELY DELETED *** BNY TRUST COMPANY OF CANADA		
		REMARKS: YR437554.				
YR1569545	2010/11/02	CHARGE		*** COMPLETELY DELETED *** SREIT (CENTRAL NO. 1) LTD.	ROYAL BANK OF CANADA	
YR1760191	2011/12/16	TRANSFER	\$14,500,000	SREIT (CENTRAL NO. 1) LTD.	ROYAL AGINCOURT CORP.	C
		REMARKS: PLANNING ACT STATEMENTS				
YR1760209	2011/12/16	DISCH OF CHARGE		*** COMPLETELY DELETED *** ROYAL BANK OF CANADA		
		REMARKS: YR1569545.				
YR1760250	2011/12/16	CHARGE	\$11,600,000	ROYAL AGINCOURT CORP.	THE EQUITABLE TRUST COMPANY	C
YR1760251	2011/12/16	NO ASSGN RENT GEN		ROYAL AGINCOURT CORP.	THE EQUITABLE TRUST COMPANY	C
		REMARKS: YR1760250.				
YR2069169	2013/12/03	CONSTRUCTION LIEN	\$8,093	LASER HEATING & AIR CONDITIONING INC.		

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.

TAB B

This is Exhibit "B" referred to in the Affidavit of Bruce Shepherd
sworn December 24, 2013

A handwritten signature in black ink, consisting of a large, loopy initial 'S' followed by a horizontal line extending to the right.

Commissioner for Taking Affidavits (or as may be)

Properties

PIN 03311 - 1065 LT
Description PT LOT 6, CON 8 PTS 1 TO 13 65R18522 EXCEPT PTS 4,5 & 6, 65R24437; VAUGHAN; T/W VA37896,VA63377, R717713; VAUGHAN; T/W EASE OVER PT COMMON ELEMENTS PT 1, 65R20425 AS IN LT1434473. S/T R275852.
Address 5770 AND 5780 HIGHWAY NO. 7 VAUGHAN

Applicant(s)

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

Name ROYAL AGINCOURT CORP.
Address for Service c/o Walton Associates
 30 Hazelton Avenue
 Toronto, Ontario, Canada 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

Name THE EQUITABLE TRUST COMPANY
Address for Service c/o Harbour Mortgage Corp.
 36 Toronto Street, Suite 500
 Toronto, Ontario M5C 2C5

Statements

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

This notice may be deleted by the Land Registrar when the registered instrument, YR1760250 registered on 2011/12/16 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Leonard David Rodness 1500-151 Yonge St. acting for Signed 2011 12 16
 Toronto Applicant(s)
 M5C 2W7

Tel 4168631188

Fax 4168630305

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

Leonard David Rodness 1500-151 Yonge St. acting for Party To Signed 2011 12 16
 Toronto (s)
 M5C 2W7

Tel 4168631188

Fax 4168630305

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

Submitted By

TORKIN MANES LLP 1500-151 Yonge St. 2011 12 16
 Toronto
 M5C 2W7

Tel 4168631188

Fax 4168630305

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Party To Client File Number :

17349.0144

GENERAL ASSIGNMENT OF RENTS

WHEREAS The Equitable Trust Company (the "Assignee") is advancing and/or may in the future advance funds (the "Advances") to Royal Agincourt Corp. (the "Assignor") upon the security of a charge (the "Charge") registered on the same date as this General Assignment of Rents made by the Assignor in favour of the Assignee and covering the lands and premises legally described as Part of Lot 6, Concession 8, designated as Parts 1 to 13, Plan 65R18522, except Parts 4, 5 & 6, Plan 65R24437, City of Vaughan and municipally known as 5770 and 5780 Highway 7, Vaughan (which lands and all buildings, improvements and fixtures at any time situate thereon during the existence of the Charge are hereinafter referred to as the "Property");

AND WHEREAS as a condition precedent to the making of the Advances, the Assignor agreed to assign to the Assignee by way of additional security to the Charge all rents now due or accruing due or at any time hereafter to become due under all leases, present and future, at any time made during the existence of the Charge in respect of the Property or any part thereof;

NOW THEREFOR in consideration of the Advances, the Assignor agrees as follows:

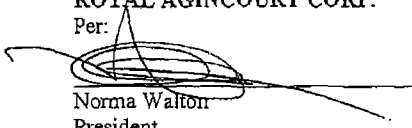
1. The Assignor hereby assigns to the Assignee, as security for all indebtedness secured by the Charge, and until the indebtedness secured by the Charge has been fully paid and satisfied, all rents and other monies now due and payable or hereafter to become due and payable to the Assignor in connection with the Property including, without limitation, harmonized sales tax payable in connection with such rents and other monies, and the benefit of all covenants of tenants, occupants, licencees and assignees (the "Rent") under every existing and future lease, agreement to lease, tenancy, agreement as to use or occupation and licence in respect of the Property or any part thereof (the "Leases").
2. The Assignee shall have full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rent and to enforce payment thereof in the name of the Assignor or the owner from time to time of the Property.
3. The Assignee shall not be responsible for the collection of the Rent or any part thereof, or the performance of any of the obligations of the Assignor contained in any Lease, and the Assignee shall not by virtue of this Assignment be deemed a chargee or mortgagee in possession of the Property. The Assignee shall be liable to account only for such monies as actually come into its hands by virtue of this Assignment, less all costs, expenses and other proper deductions and any monies so received by it may be applied on account of any indebtedness of the Assignor to the Assignee.
4. Payments of Rent pursuant to any Lease may continue to be made to the Assignor until such time as the Assignee gives written notice to the tenant, occupant, licencee or assignee thereunder (the "Tenant") that default has occurred under the Charge and requires the Tenant to pay the Rent to the Assignee. The Assignor hereby irrevocably authorizes and directs every Tenant receiving such notice to pay the Rent in accordance with such notice. The Assignor will not, without the written consent of the Assignee, collect or accept the Rent from any Tenant other than at the time and in the manner required by the Tenant's Lease and shall not, in any event, collect more than one month's Rent in advance.
5. The Assignor will not lease or agree to lease all or any part of the Property except at a rent, on terms and conditions and to tenants which are at least as favourable or desirable to the Assignor as those which a prudent landlord would accept for the Property or for the part of the Property to be leased.
6. The Assignor shall not, without the prior written consent of the Assignee, accept prepayment of Rent from any Tenant which shall exceed one month's Rent payable by such Tenant.
7. The Assignor shall not at any time during the existence of the Charge assign, pledge or hypothecate any Lease or the Rent or any part thereof, other than to the Assignee.

8. This Assignment shall in no way lessen, prejudice or hinder the rights or remedies of the Assignee under the Charge or any other security held by the Assignee.
9. The Assignor shall execute such further assurances as the Assignee may reasonably require to give full effect to this Assignment.
10. A discharge of the Charge shall operate as a reassignment of the Rents back to the Assignor.
11. The Assignor shall pay all the expenses of the Assignee incurred in connection with the registration of financing statements and financing change statements pursuant to the *Personal Property Security Act* relating to this Assignment.
12. Whenever the singular or neuter gender are used in this Assignment, the same shall be construed as meaning the plural, masculine or feminine gender when the context so requires. If there are two or more than one Assignor, all covenants contained herein shall be joint and several. Time shall be of the essence of this Assignment.
13. This Assignment shall be binding upon and enure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties hereto and shall be in full force and effect upon execution and delivery of this Assignment by the Assignor to the Assignee.

Dated at Toronto, this 14th day of December, 2011.

ROYAL AGINCOURT CORP.

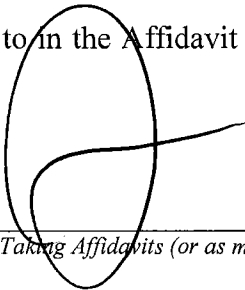
Per:


Norma Walton
President

I have authority to bind the Corporation

TAB C

This is Exhibit "C" referred to in the Affidavit of Bruce Shepherd
sworn December 24, 2013

A handwritten signature in black ink, consisting of a large, stylized loop that crosses itself, with a horizontal line extending to the right from the middle of the loop.

Commissioner for Taking Affidavits (or as may be)

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE
CENTRAL OFFICE OF THE PERSONAL PROPERTY SECURITY SYSTEM IN RESPECT
OF THE FOLLOWING:

TYPE OF SEARCH: BUSINESS DEBTOR

CONDUCTED ON: ROYAL AGINCOURT CORP.

FILE CURRENCY: December 4, 2013

RESPONSE CONTAINS: APPROXIMATELY 1 FAMILIES and 2 PAGES.

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS
WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME
IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE
OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT
ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THE ABOVE REPORT HAS BEEN CREATED BASED ON THE DATA PROVIDED BY
THE PERSONAL PROPERTY REGISTRATION BRANCH, MINISTRY OF CONSUMER
AND BUSINESS SERVICES, GOVERNMENT OF ONTARIO. NO LIABILITY IS
UNDERTAKEN REGARDING ITS CORRECTNESS, COMPLETENESS, OR THE
INTERPRETATION AND USE THAT ARE MADE OF IT.

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: ROYAL AGINCOURT CORP.
FILE CURRENCY: December 4, 2013

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 2

SEARCH : BD : ROYAL AGINCOURT CORP.

00 FILE NUMBER : 675066663 EXPIRY DATE : 14DEC 2014 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20111214 1607 1590 3033 REG TYP: P PPSA REG PERIOD: 3
02 IND DOB : IND NAME:
03 BUS NAME: ROYAL AGINCOURT CORP.
OCN :
04 ADDRESS : 30 HAZELTON AVENUE
CITY : TORONTO PROV: ON POSTAL CODE: M5R 2E2
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
THE EQUITABLE TRUST COMPANY
09 ADDRESS : C/O HARBOUR MORTGAGE, 500-36 TORONTO ST
CITY : TORONTO PROV: ON POSTAL CODE: M5C 2C5
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X X
YEAR MAKE MODEL V.I.N.

11
12
GENERAL COLLATERAL DESCRIPTION
13 ALL RIGHTS, TITLE AND INTEREST OF THE DEBTOR IN ALL PERSONAL PROPERTY
14 LOCATED AT, RELATING TO OR USED IN CONNECTION WITH THE REAL PROPERTY
15 DESCRIBED IN PIN 03311-1065 [LT] IN THE YORK REGION LAND TITLES
16 AGENT: TORKIN MANES LLP [LDR/JMA 17349.0144]
17 ADDRESS : 1500 - 151 YONGE STREET
CITY : TORONTO PROV: ON POSTAL CODE: M5C 2W7

CONTINUED

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

MINISTRY OF CONSUMER AND BUSINESS SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE

TYPE OF SEARCH: BUSINESS DEBTOR
CONDUCTED ON: ROYAL AGINCOURT CORP.
FILE CURRENCY: December 4, 2013

1C FINANCING STATEMENT / CLAIM FOR LIEN

FAMILY : 1 OF 1 ENQUIRY PAGE : 2 OF 2

SEARCH : BD : ROYAL AGINCOURT CORP.

00 FILE NUMBER : 675066663 EXPIRY DATE : 14DEC 2014 STATUS :
01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20111214 1607 1590 3033 REG TYP: REG PERIOD:
02 IND DOB : IND NAME:
03 BUS NAME:
OCN :
04 ADDRESS :
CITY : PROV: POSTAL CODE:
05 IND DOB : IND NAME:
06 BUS NAME:
OCN :
07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :
CITY : PROV: POSTAL CODE:
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10
YEAR MAKE MODEL V.I.N.

11
12

GENERAL COLLATERAL DESCRIPTION

13 OFFICE AND MUNICIPALLY KNOWN AS 5770 AND 5780 HIGHWAY NO. 7, VAUGHAN,
14 ONTARIO, AND ALL PROCEEDS THEREOF

15

16 AGENT:

17 ADDRESS :

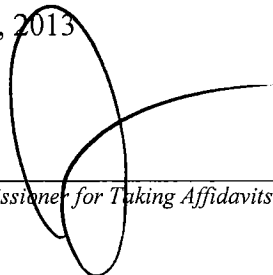
CITY : PROV: POSTAL CODE:

LAST SCREEN

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

TAB D

This is Exhibit "D" referred to in the Affidavit of Bruce Shepherd
sworn December 24, 2013



Commissioner for Taking Affidavits (or as may be)

LAND
REGISTRY
OFFICE #43

13262-0011 (LT)

PAGE 1 OF 2
PREPARED FOR JATKINS1
ON 2013/11/11 AT 11:34:59

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

PROPERTY DESCRIPTION: PT BLK C PL 734 TORONTO AS IN R01029035; CITY OF MISSISSAUGA

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
RE-ENTRY FROM 13262-0108

PIN CREATION DATE:
1999/01/25

OWNERS' NAMES
UNITED EMPIRE LANDS LTD.

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
<p>**EFFECTIVE 2000/07/29 THE NOTATION OF THE "BLOCK IMPLEMENTATION DATE" OF 1996/12/23 ON THIS PIN**</p> <p>**WAS REPLACED WITH THE "PIN CREATION DATE" OF 1999/01/25**</p> <p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 1999/01/25 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *</p> <p>** AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF</p> <p>** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY</p> <p>** CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 1999/01/26 **</p>						
TT120053	1959/06/15	NOTICE				C
REMARKS: AMENDMENT OF TORONTO-MALTON AIRPORT ZONING REGULATIONS AMENDED 960306 BY K. BARBISON, DLR						
TT144298	1962/03/13	NOTICE				C
REMARKS: AMENDMENT OF TORONTO-MALTON AIRPORT ZONING REGULATIONS, AMENDED BY K.BARBISON DLR 96 03 06						
TT180830	1965/06/04	AGREEMENT			THE CORPORATION OF THE TOWNSHIP OF TORONTO THE PUBLIC UTILITIES COMMISSION OF THE TOWNSHIP OF TORONTO	C
REMARKS: SKETCH ATTACHED CORRECTIONS: 'THIS INSTRUMENT' WAS DELETED FROM PROPERTY 13261-0143 IN ERROR AND WAS RE-INSTATED ON 2006/04/07 BY CINDY CABRAL.						
VS6842	1966/04/13	LEASE		*** COMPLETELY DELETED ***	MCLAREN, MORRIS, AND TODD LIMITED	
VS56924	1967/11/06	AGREEMENT			THE CORPORATION OF THE TOWNSHIP OF TORONTO	C

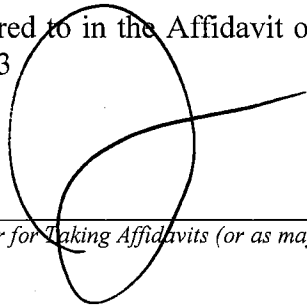
NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
VS145517	1970/07/17	BYLAW				C
VS248789	1973/02/12	NOTICE				C
		REMARKS: AMENDMENT OF TORONTO-MALTON AIRPORT ZONING REGULATIONS LT248789 AMENDED TO READ 248789VS 95/11/14 KATHY POWER				
RO1029035	1993/01/22	TRANSFER		*** DELETED AGAINST THIS PROPERTY ***	MCLAREN MORRIS AND TODD LIMITED	
LT2057426	2000/03/27	NOTICE		HER MAJESTY THE QUEEN IN RIGHT OF THE DEPARTMENT OF TRANSPORT CANADA		C
		REMARKS: PEARSON AIRPORT ZONING REGULATION				
PR2335625	2013/02/21	APL CH NAME OWNER		*** COMPLETELY DELETED *** MCLAREN MORRIS AND TODD LIMITED	CENVEO MCLAREN MORRIS AND TODD COMPANY	
PR2335626	2013/02/21	APL (GENERAL)		*** COMPLETELY DELETED *** CENVEO MCLAREN MORRIS AND TODD COMPANY		
		REMARKS: DELETES VS6842				
PR2342857	2013/03/11	TRANSFER	\$6,700,000	CENVEO MCLAREN MORRIS AND TODD COMPANY	UNITED EMPIRE LANDS LTD.	C
		REMARKS: PLANNING ACT STATEMENTS.				
PR2342858	2013/03/11	NOTICE OF LEASE	\$2	UNITED EMPIRE LANDS LTD.	CENVEO MCLAREN MORRIS AND TODD COMPANY	C
PR2342884	2013/03/11	CHARGE	\$5,000,000	UNITED EMPIRE LANDS LTD.	THE EQUITABLE TRUST COMPANY	C
PR2342885	2013/03/11	NO ASSGN RENT GEN		UNITED EMPIRE LANDS LTD.	THE EQUITABLE TRUST COMPANY	C
		REMARKS: PR2342884.				
PR2342896	2013/03/11	NO ASSG LESSOR INT		UNITED EMPIRE LANDS LTD.	THE EQUITABLE TRUST COMPANY	C
		REMARKS: PR2342858. PR2342884				
PR2342897	2013/03/11	CHARGE	\$670,000	UNITED EMPIRE LANDS LTD.	CENVEO MCLAREN MORRIS AND TODD COMPANY	C

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.

TAB E

This is Exhibit "E" referred to in the Affidavit of Bruce Shepherd
sworn December 24, 2013

A handwritten signature in black ink, consisting of a large, loopy initial 'S' followed by a horizontal line extending to the right.

Commissioner for Taking Affidavits (or as may be)

Properties

PIN 13262 - 0011 LT *Interest/Estate* Fee Simple
Description PT BLK C PL 734 TORONTO AS IN RO1029035 ; MISSISSAUGA
Address 3270 AMERICAN DR
 MISSISSAUGA

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 UNITED EMPIRE 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.

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

Name THE EQUITABLE TRUST COMPANY
Address for Service c/o Harbour Mortgage Corp.
 36 Toronto Street
 Suite 500
 Toronto, Ontario
 M5C 2C5

Statements

Schedule: See Schedules

Provisions

Principal \$ 5,000,000.00 *Currency* CDN
Calculation Period monthly not in advance
Balance Due Date 2016/04/05
Interest Rate 6.25% per annum
Payments
Interest Adjustment Date 2013 04 05
Payment Date fifth day of each month
First Payment Date 2013 05 05
Last Payment Date 2016 04 05
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor NORMA WALTON AND RONAULD
 WALTON

Signed By

Leonard David Rodness 1500-151 Yonge St. acting for Signed 2013 03 11
 Toronto Chargor(s)
 M5C 2W7
 Tel 4168631188
 Fax 4168630305

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

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

Submitted By

TORKIN MANES LLP

1500-151 Yonge St.
Toronto
M5C 2W7

2013 03 11

Tel 4168631188

Fax 4168630305

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargee Client File Number : 17349-166

SCHEDULE - PAGE 1

1. STANDARD CHARGE TERMS

The terms contained in this schedule are in addition to the terms contained in the Standard Charge Terms. In the event of any conflict between the terms contained in this schedule and those contained in the Standard Charge Terms, the terms contained in this schedule shall, to the extent of the conflict, prevail. If the Standard Charge Terms or the Charge refer to a Guarantor, the term "Guarantor" shall include any party named anywhere in the Charge as a guarantor or covenantor.

2. SHORT FORMS OF MORTGAGES ACT

If any of the forms of words contained herein are also contained in Column One of Schedule B of the *Short Forms of Mortgages Act*, R.S.O. 1980, Ch. 474 ("SFMA") and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if the Charge contained the form of words in Column Two of Schedule B of the SFMA distinguished by the same number, and the Charge shall be interpreted as if the SFMA was still in full force and effect. The provisions of the Charge and its short form clauses shall not derogate from the Chargee's rights under the long clauses in the SFMA which shall be in addition thereto or in substitution for part or parts thereof as the Chargee may elect and all shall have the force of covenant.

3. DEFINITIONS

In this schedule, the following definitions apply:

- (a) **Balance Due Date** means the date set out in the Provisions section of the Charge under the heading "Balance Due Date";
- (b) **Charge** means the Charge/Mortgage to which this Schedule is attached and including the Standard Charge Terms and including this schedule;
- (c) **Chargee** means each party named as a chargee or mortgagee in the Charge under the "Chargee(s)" section and its or his heirs, executors, administrators, successors and assigns, as the case may be;
- (d) **Chargor** means each party named as a chargor or mortgagor in the Charge under the "Chargor(s)" section and its or his heirs, executors, administrators, successors, and assigns, as the case may be;
- (e) **Commitment Letter** means the letter issued by the Chargee or the Chargee's agent dated February 26, 2013, and addressed to the Chargor or the Chargor's agent setting out the terms of the loan secured by the Charge, as it may be amended from time to time;
- (f) **Costs** means all of the fees, costs, charges, losses, damages and expenses incurred by the Chargee as a direct or indirect consequence of granting the loan secured by the Charge including, without limitation, all expenses incurred in the construction, preservation, maintenance, repair, insuring and realization of the security contained herein, and all legal costs incurred by the Chargee as between a solicitor and his own client;
- (g) **Covenantor** means each party named as a guarantor in the Provisions section of the Charge and each Covenantor's heirs, executors, administrators, successors and assigns, as the case may be;
- (h) **Interest** means interest at the Interest Rate calculated monthly not in advance and payable on the Principal Amount and such other amounts as provided in the Charge both before and after maturity, default, and judgment;
- (i) **Interest Adjustment Date** means the date set out in the Provisions section of the Charge under the heading "Interest Adjustment Date";
- (j) **Interest Rate** means the interest rate per annum set out in the Provisions section of the Charge under the heading "Interest Rate";

- (k) **Land Registry Office** means the Land Registry Office in which this Charge is registered;
- (l) **Monthly Payments** means the payments made each month in the amount set out in the Provisions section of the Charge under the heading "Payments";
- (m) **Principal Amount** means the principal amount in lawful money of Canada set out in the Provisions section of the Charge under the heading "Principal" as it may be increased or decreased prior to registration of a discharge of the Charge;
- (n) **Property** means the lands described in the Properties section of the Charge and all buildings, fixtures and improvements now or hereafter brought or erected thereon;
- (o) **Receiver** means a receiver or receiver-manager of the Property; and
- (p) **Standard Charge Terms** means the set of Standard Charge Terms referred to in the Provisions section of the Charge under the heading "Standard Charge Terms".

4. CHARGE

Upon the request of the Chargee, the Chargor hereby gives the Charge and charges the Property as security for full payment to the Chargee of the Principal Amount, Interest and all other amounts payable hereunder and as security for the observance and performance of all of the obligations of the Chargor to the Chargee pursuant to the Charge or otherwise.

This Charge shall be jointly and severally binding upon the Chargor (if more than one), and upon the Chargor's heirs, legal representatives, successors and assigns as the case may be.

5. MONTHLY PAYMENTS

Interest on the Principal Amount from time to time advanced prior to the Interest Adjustment Date, computed from the respective dates of such advances to the Interest Adjustment Date, shall, at the option of the Chargee, be deducted from the advances or paid by the Chargor at such time or times as the Chargee may require and such Interest may be so deducted or paid in advance; after the Interest Adjustment Date, the sum of Seven Thousand, Seven Hundred Dollars (\$7,700.00) on account of principal, plus interest on the Principal Amount, with Interest computed from the Interest Adjustment Date, shall become due and be paid in Monthly Payments as provided in the Charge and the balance, if any, of the Principal Amount and Interest shall become due and payable on the Balance Due Date. The Monthly Payments, when received, shall be applied firstly to outstanding Costs, secondly to outstanding Interest and the balance, if any, in reduction of the outstanding Principal Amount.

6. CHARGOR'S COVENANTS

The Chargor covenants with the Chargee:

- (a) that the Chargor has a good title in fee simple to the Property except as the records of the Land Registry Office disclose;
- (b) that the Chargor will execute such further assurances of the Property as may be requisite; and
- (c) that the Chargor does hereby release to the Chargee all of the Chargor's claims upon the Property.

7. TAXES

The Chargor shall, if it is in default of its obligation to pay Taxes as set out herein and if required by the Chargee, pay to the Chargee monthly on each payment date hereunder, 1/12th of the amount (as estimated by the Chargee) of all taxes, rates and assessments, municipal, local, parliamentary or otherwise, which affect the Property ("Taxes") payable within one year following the Chargee's request and the Chargor hereby authorizes the Chargee to remit such amounts to pay such Taxes. The Chargee shall pay interest to the Chargor, on the date or dates and at a rate or rates, from time to time determined by the Chargee, on the amount of such payments by the Chargor to the Chargee from the date such payments are received by the

Chargee until the Taxes are paid. If the Chargee does not require the Chargor to pay the Taxes to the Chargee as herein provided, the Chargor shall pay to the relevant taxing authority all Taxes when due and, upon the Chargee's request, the Chargor shall deliver to the Chargee within seven (7) days evidence of payment of Taxes.

8. COSTS

Costs shall be forthwith due and payable by the Chargor to the Chargee and shall bear Interest until fully paid.

9. INSURANCE PROVISIONS

- (a) In addition to the insurance provided for under the Standard Charge Terms, the Chargor, in accordance with the provisions of this paragraph, shall maintain insurance against the perils therein described on all chattels used on, in or about the Property and shall maintain boiler and machinery insurance, builder's risk insurance and such other insurance as may be reasonably required by the Chargee including loss of rental income insurance on a one hundred percent (100%) basis. The fire insurance on the buildings and chattels on the Property shall contain a standard extended coverage endorsement of one hundred percent (100%) replacement cost or the full insurable value, whichever shall be the greater, but in no event less than the Principal Amount and shall contain the standard mortgage endorsement clause (IBC 3000). All policies must allow for partial occupancy. The Chargor shall also maintain comprehensive public liability coverage for a minimum of FIVE MILLION DOLLARS (\$5,000,000.00) per each occurrence. No insurance may be subject to a co-insurance clause.
- (b) The Chargor shall provide upon the anniversary date of the Charge or at such further time or times as requested by the Chargee written evidence of the existence and continuation of the insurance as required by the Charge.
- (c) In the event that evidence of continuation of insurance as herein required has not been delivered to the Chargee, the Chargee shall be entitled to a servicing fee for each written enquiry which the Chargee shall make to the insurers pertaining to such renewal (or resulting from the Chargor's non-performance of the within covenant). In the event that the Chargee pursuant to the within provision arranges insurance coverage in accordance with this provision, the Chargee, in addition to the aforementioned servicing fee, shall be entitled to a further servicing fee for arranging the necessary insurance coverage.

10. SALE OF PROPERTY

The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Property hereby charged to a purchaser or transferee not approved, in writing, by the Chargee, all monies hereby secured with accrued interest thereon shall at the option of the Chargee, forthwith become due and payable.

11. PREPAYMENT PRIVILEGE

The Chargor, when not in default, shall have the privilege of prepaying the whole of the Principal Amount outstanding without notice or bonus from time to time either (i) at any time after the expiry of twelve (12) months from the Interest Adjustment Date of this Charge, and (ii) upon payment to the Chargee of an amount equal to twelve (12) months' interest, provided that regular monthly payments of interest shall be credited against the amount payable hereunder. The Chargor shall have no other right to prepay the Principal Amount outstanding.

12. DANGEROUS SUBSTANCES

To the best of the Chargor's knowledge, the Chargor represents and warrants that there are not in, on, under or about the Property, or any part thereof, any Dangerous Substances as defined herein, and neither the Property nor any adjacent lands have ever been used as or for a waste disposal or coal gasification site, nor have they ever contained any underground storage tanks and the use of the Property has not involved and will not involve, during the term of the Charge, the handling of Dangerous Substances nor will such use result in any environmental damage, and

there are no outstanding or threatened claims or work orders against the Property relating to environmental matters. "Dangerous Substances" means any contaminants, toxic, dangerous or hazardous substances including, without limitation, urea formaldehyde foam insulation, asbestos fireproofing insulation, polychlorinated biphenyls (PCBs) or radioactive materials.

13. HAZARDOUS WASTE

In consideration of the advance of funds by the Chargee, the Chargor and the Covenantor hereby agree that, in addition to any liability imposed on the Chargor and Covenantor under any instrument evidencing or securing the loan indebtedness, the Chargor and Covenantor shall be jointly and severally liable for any and all of the costs, expenses, damages or liabilities of the Chargee, its directors and officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Property of any hazardous or noxious substances and such liability shall survive foreclosure of the security for the Charge and any other existing obligations of the Chargor and Covenantor to the Chargee in respect of the Charge and any other exercise by the Chargee of any remedies available to it for any default under the Charge.

14. ENVIRONMENTAL CLAUSE

The Chargee or agent of the Chargee may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or its agent, enter upon the Property to inspect the land and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or its agent may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or its agent and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by the Chargor forthwith and shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not deem the Chargee or its agent to be in possession, management or control of the Property.

15. CONSTRUCTION LIEN ACT

The Chargor warrants that no monies secured by the Charge are or will be used to finance an improvement to the Property including, without limitation, any alteration, addition or repair to the Property or any construction, erection or installation thereon.

16. PROPERTY MANAGEMENT

The Chargor shall maintain at all times professional property management for the Property acceptable to the Chargee. Any change in the property management of the Property shall be subject to the prior approval of the Chargee, both as to the manager and the terms and conditions of the management agreement.

17. INSPECTION

The Chargee, its agents and employees shall have the right to enter upon the Property at all reasonable times to inspect and the costs of such inspections shall be forthwith payable by the Chargor to the Chargee.

18. SURVIVAL OF COMMITMENT LETTER

The agreements, covenants, representations, warranties, provisions and stipulations (in this section collectively referred to as "provisions") contained in the Commitment Letter form an integral part of the Charge and all such provisions shall be deemed to be contained in the Charge and have the same force and effect as if they were fully set forth herein. To the extent that any provision or provisions of the Commitment Letter conflict with any provision or provisions of the Charge, the Chargee shall elect which provisions apply to the extent of the conflict.

19. SUBSEQUENT FINANCING

Save and except for a charge in favour of Cenveo McLaren Morris and Todd Company in the principal amount of \$670,000.00 registered on the same date as this Charge, the Chargor agrees that no subsequent encumbrances may be placed on the Property without the prior written consent of the Chargee, which shall not be unreasonably withheld.

20. EVENTS OF DEFAULT

The Chargor at the sole option of the Chargee shall be in default under the Charge if any one or more of the following events of default (an "Event of Default") occurs at any time or times prior to registration of a complete discharge of the Charge:

- (a) the Chargor defaults under any one or more of the covenants, conditions, terms, agreements, provisions and obligations contained in the Charge to be kept, observed and performed by the Chargor;
- (b) the Chargor becomes insolvent, bankrupt or a trustee in bankruptcy is appointed for the Chargor or the Chargor makes a general assignment for the benefit of creditors or goes into liquidation either voluntarily or under an order of the court of competent jurisdiction or otherwise acknowledges his insolvency;
- (c) there is shown to be any discrepancy or inaccuracy in any written information, statement, warranty or representations made or furnished to the Chargee by or on behalf of the Chargor or Covenantor with respect to the Property or the Chargor's or any Covenantor's financial condition and if such discrepancies or inaccuracies are material in the opinion of the Chargee;
- (d) any charge or encumbrance affecting the Property is in default;
- (e) the Chargor obtains subsequent financing or refinancing of the Property without the prior written consent of the Chargee (subject to paragraph 19 hereof);
- (f) the Chargor defaults under any one or more covenants, conditions, terms, agreements, provisions and obligations contained in any document, including the Environmental Indemnity delivered by the Chargor to the Chargee contemporaneously with this Charge, submitted to the Chargee by or on behalf of the Chargor in connection with the Charge;
- (g) the Chargor sells, conveys or transfers the Property or enters into an agreement to effect any of the foregoing without the prior written consent of the Chargee;
- (h) upon the death of the Chargor or one or more of the Covenantors;
- (i) any or all of the shares issued and outstanding in the capital stock of the Chargor are directly or indirectly transferred, pledged, encumbered, hypothecated or dealt with in any manner whatsoever without the Chargee's prior written consent or the Chargee determines, in its sole and unfettered discretion, that there is a change in control of the Chargor which has occurred without the Chargee's prior written consent;
- (j) there is litigation or any other proceeding, application, claim or action pending or threatened before any court, administrative board, or other tribunal which, if determined adversely to the Chargor or Covenantor, in the sole opinion of the Chargee, acting reasonably, would materially affect the Property, the financial condition of the Chargor, Covenantor or the value of the Property;
- (k) there is rendered against the Chargor a final judgment, order or decree for the payment of money which, in the sole opinion of the Chargee, will materially affect the Property, the financial condition of the Chargor or Covenantor or the value of the Property; or
- (l) any material changes, additions, deletions or alterations are made to the Property, including material changes in usage or the Property is redeveloped in any manner, without the prior written consent of the Chargee.

If any of the foregoing Events of Default shall occur then, notwithstanding the provisions of any other agreement between the Chargor and the Chargee and at the option of the Chargee, the whole of the Principal Amount and Interest and all other amounts payable hereunder shall immediately become due and payable and the Chargee shall be relieved of any further obligations to advance monies to the Chargor. If an Event of Default is waived by the Chargee,

such waiver shall not operate as a waiver of any other, further or continuation of the same Event of Default.

21. RIGHT TO DISTRAIN

The Chargee may distrain for arrears of any portion of the Principal Amount, Interest or any other amounts due and unpaid hereunder. The Chargor waives all rights to claim exemption and confirms that there is no limit in the amount for which the Chargee may distrain.

22. APPOINTMENT OF RECEIVER

- (a) At any time after the security hereby constituted becomes enforceable, or the Principal Amount shall have become payable, the Chargee may from time to time appoint by writing a Receiver or a Receiver-Manager, as it shall elect (hereinafter called "Receiver"), with or without bond, and may from time to time remove the Receiver and appoint another in his stead, and any such Receiver appointed hereunder shall have the following powers:
 - (i) To take possession of the Property and to collect and get in the same and for such purpose to enter into and upon any lands, buildings and premises wheresoever and whatsoever and for such purpose to do any act and take any proceedings in the name of the Chargor or otherwise as he shall deem necessary;
 - (ii) To carry on or concur in carrying on the business of the Chargor, and to employ and discharge agents, workmen, accountants and others upon such terms and with such salaries, wages or remuneration as he shall think proper, and to repair and keep in repair the Property and to do all necessary acts and things for the carrying on of the business of the Chargor and the protection of the Property of the Chargor;
 - (iii) To sell or lease or concur in selling or leasing any or all of the Property, or any part thereof, and to carry any such sale or lease into effect by conveying in the name of or on behalf of the Chargor or otherwise; and any such sale may be made either at public auction or private sale as seen fit by the Receiver and any such sale may be made from time to time as to the whole or any part or parts of the Property; and he may make any stipulations as to title or conveyance or commencement of title or otherwise which he shall deem proper; and he may buy or rescind or vary any contracts for the sale of any part of the Property and may resell the same; and he may sell any of the same on such terms as to credit or part cash and part credit or otherwise as shall appear in his sole opinion to be most advantageous and at such prices as can reasonably be obtained therefor and in the event of a sale on credit neither he nor the Chargee shall be accountable for or charged with any monies until actually received;
 - (iv) To make any arrangement or compromise which the Receiver may think expedient in the interest of the Chargee and to consent to any modification or change in or omission from the provisions of the Charge and to exchange any part or part of the Property for any other property suitable for the purposes of the Chargee and upon such terms as may seem expedient and either with or without payment or exchange of money or regard to the equality of the exchange or otherwise;
 - (v) To borrow money to carry on the business of the Chargor and to charge the whole or any part of the Property in such amounts as the Receiver may from time to time deem necessary and in so doing the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under such certificates shall charge the Property in priority to the Charge;
 - (vi) To execute and prosecute all suits, proceedings and actions which the Receiver in his opinion considers necessary for the proper protection of

the Property, to defend all suits, proceedings and actions against the Chargor or the Receiver, to appear in and conduct the prosecution and defense of any suit, proceedings or action then pending or thereafter instituted and to appeal any suit, proceeding or action;

(vii) To execute and deliver to the purchaser of any part or parts of the Property, good and sufficient transfer or transfers for the same, the Receiver hereby being constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such transfer or transfers, and any such sale made as aforesaid shall be a perpetual bar both in law and equity against the Chargor, and all other persons claiming the Property or any part thereof by, from, through or under the Chargor, and the proceeds of any such sale shall be distributed in the manner hereinafter provided.

(b) It is agreed that no purchaser at any sale purporting to be made in pursuance of the aforesaid power or powers shall be bound or concerned to see or inquire whether any default has been made or continued, or whether any notice required hereunder has been given, or as to the necessity or expediency of the stipulations subject to which such sale shall have been made, or otherwise as to the propriety of such sale or regularity of its proceedings, or be affected by notice that no such default has been made or continues, or notice given as aforesaid, or that the sale is otherwise unnecessary, improper or irregular; and notwithstanding any impropriety or irregularity or notice thereof to such purchaser, the sale as regards such purchaser shall be deemed to be within the aforesaid power and be valid accordingly and the remedy (if any) of the Chargor, or of any party claiming by or under the Chargor, in respect of any impropriety or irregularity whatsoever in any such sale shall be in damages only.

(c) The revenue of the business of the Chargor and the net proceeds of any sale of the Property or part or parts thereof shall be applied by the Receiver subject to the claims of any creditors ranking in priority to the Charge:

(i) Firstly, in payment of all costs, charges and expenses of and incidental to the appointment of the Receiver and the exercise by him of all or any of the powers aforesaid including the reasonable remuneration of the Receiver and all amounts properly payable by him;

(ii) Secondly, in payment of all Costs;

(iii) Thirdly, in payment to the Chargee of the Principal Amount hereunder;

(iv) Fourthly, in payment to the Chargee of all Interest, arrears of Interest and any other monies remaining unpaid hereunder;

(v) Fifthly, any surplus shall be paid to the Chargor provided that, in the event that any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the Receiver deems appropriate in the circumstances.

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

23. CHARGE NOT A CHARGE IN POSSESSION

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

24. SPECIFIC ASSIGNMENT OF LEASES

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

25. ADDITIONAL SECURITY

In the event that the Chargee, in addition to the Property, holds or shall hold, in the future, further security on account of the Principal Amount, it is agreed that no single or partial exercise of any of the Chargee's powers under the Charge or any of such further security (the Charge and any such further security are hereinafter together referred to as the "Security"), shall preclude other and further exercise of any other right, power or remedy pursuant to the Security. The Chargee shall at all times have the right to proceed against all, any or any portion of the Security in such order and in such a manner as the Chargee shall, in the Chargee's sole and unfettered discretion, deem fit without waiving any rights which the Chargee might have with respect to the Security and the exercise of any such powers or remedies from time to time shall in no way affect the liability of the Chargor under the remaining Security.

26. FINANCIAL STATEMENTS

As long as there is any amount owing by the Chargor to the Chargee pursuant to the Charge, the Chargor shall deliver to the Chargee:

- (a) within 120 days after the end of each fiscal year of the Chargor, or within 120 days after the end of each calendar year, if applicable or if the Chargor is an individual, or more often if requested by the Chargee, review engagement financial statements of the Chargor including a separate income and expense statement for the Property, an operating statement and an updated rent roll containing relevant lease terms for the Property, all satisfactory to the Chargee in form and content;
- (b) a review engagement financial statement within 120 days after the end of each fiscal year of each corporate Covenantor, or more often if requested by the Chargee, and, in the case of each individual Covenantor, a personal net worth statement within 120 days after the end of each calendar year, or more often, if requested by the Chargee, such statements to be in form and content satisfactory to the Chargee; and
- (c) as soon as reasonably possible, such further information as the Chargee may reasonably require from time to time.

27. CHANGES AND ALTERATIONS

The Chargor covenants and agrees that any major changes to the Property including, without limitation, major changes in easements and in the structures forming part of the Property, shall not be commenced without first obtaining the Chargee's written approval. The Chargor covenants and agrees that, during the course of any work being performed on the Property, such work shall proceed in a diligent manner and shall not be stopped for more than ten consecutive days before recommencing on an ongoing basis failing which the Chargee shall be entitled, but not obliged, to proceed with such work and any expenses incurred by the Chargee shall be deemed a Cost hereunder.

28. FURTHER ASSURANCES

The Chargor shall, at any time and from time to time, make, execute and deliver or cause to be made, executed and delivered to the Chargee such further and other reasonable acts, deeds, mortgages, charges, conveyances and assurances as may be required to fully and essentially carry out the true intention and meaning of the Charge and the costs to the Chargee, if any, of obtaining such further assurances shall be forthwith paid by the Chargor to the Chargee. No amendment, approval, waiver or consent relating to this Charge shall be valid unless same is in writing and executed by the Chargee.

29. PAYMENT AFTER DEFAULT

After default in the payment of part or all of the Principal Amount, the Chargee shall not be required to accept payment in satisfaction of the outstanding Principal Amount without, in addition to all monies payable under the Charge, a bonus equal to 3 months' Interest in advance on the Principal Amount outstanding. The Chargor shall not be entitled to a discharge of the Charge without payment of such bonus or 3 months' written notice of such payment in lieu thereof. Nothing in this section shall, however, affect or limit the right of the Chargee to recover by action or otherwise the Principal Amount in arrears.

30. SALE BY CHARGOR

No sale or other dealing by the Chargor with the Property or any part thereof shall in any way change or affect the liability of the Chargor hereunder, or in any way alter the rights of the Chargee as against the Property, the Chargor or any other person or persons liable for payment of the Principal Amount.

31. PAYMENTS

Any payment made by the Chargor to the Chargee which is received by the Chargee on a non-business day of the Chargee or after 12:00 noon on any business day of the Chargee shall be deemed to have been received by the Chargee on the next business day of the Chargee.

32. GUARANTEE AND POSTPONEMENT OF CLAIM

In consideration of the Chargee advancing all or any part of the Principal Amount to the Chargor or as the Chargor directs, the Covenantor hereby covenants and agrees, as principal debtor and not merely as surety, to duly pay and discharge all present and future liabilities and obligations of the Chargor to the Chargee under the Charge or otherwise (the "Liabilities") including, without limiting the foregoing, to pay the Principal Amount, all Interest and Costs and to perform all of the Chargor's obligations under the Charge and agrees that:

- (a) Regardless of whether or not any other person shall be or become in any way responsible to the Chargee for, or in respect of, the Liabilities or any part thereof, and regardless of whether or not any other person now or hereafter responsible to the Chargee for the Liabilities or any part thereof shall cease to be so liable, this Guarantee shall be a continuing guarantee and:
 - (i) shall not be determined or otherwise affected or the Chargee's rights hereunder prejudiced by the discontinuance of the obligations under the Charge against any other person who may be liable hereunder; and
 - (ii) shall not be determined or otherwise affected by any amendments, renewals, extensions or novations of the Charge regardless of whether the Covenantor was aware of, or consented to such amendments, renewals, extensions or novations unless a written release of the Covenantor has been authorized by the Chargee;
- (b) The Chargee may from time to time grant to the Chargor or to any other person liable to the Chargee for the Liabilities time for payment or any other indulgence without in any way prejudicing or affecting any of the Chargee's rights against the Covenantor;
- (c) The statement in writing from the Chargee as to the outstanding amount of the Liabilities shall be binding upon the Covenantor and conclusive against the Covenantor. All right to question in any way the Chargee's present or future method of dealing with the Chargor or with any other person now or hereafter liable to the Chargee for the Liabilities or any part thereof or with the Property is hereby waived. The Covenantor hereby renounces all benefits of discussion and division, and the Chargee shall not be bound to exhaust its recourse against the Chargor or any other person or the Property before requiring or being entitled to payment from the Covenantor;
- (d) All debts and liabilities, present and future, of the Chargor to the Covenantor are hereby assigned to the Chargee and postponed to the Liabilities and all monies

received from the Chargor or for its account by the Covenantor shall be received in trust for the Chargee, and forthwith upon receipt paid over to the Chargee until the Liabilities are fully paid and satisfied, all without prejudice to and without in any way limiting or lessening the liability of the Covenantor to the Chargee hereunder;

- (e) The Covenantor hereby expressly waives in favour of the Chargee notice of the existence or creation of all or any of the Liabilities, all diligence in collection or protection of or realization upon the Liabilities or any part thereof, any obligation hereunder, or any security for any of the foregoing, and presentment, demand, notice of dishonour, protest and all other notices whatsoever;
- (f) No delay on the Chargee's part in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Chargee of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy;
- (g) This Guarantee shall be jointly and severally binding upon the Covenantor (if more than one), and upon the Covenantor's heirs, legal representatives, successors and assigns and shall enure to the benefit of the Chargee and its successors and assigns;
- (h) The Covenantor shall be held and bound to the Chargee directly as principal debtor in respect of the due payment and full discharge of the Liabilities; and
- (i) Any notice or demand which the Chargee may wish to give may be served on the Covenantor or the Covenantor's legal representatives either personally, by telecopy ("fax") to the last known fax number of the party being served or by ordinary mail to the address for service of the party being served as shown herein, and any notice served personally, by fax or mail shall be deemed to be served on the day it was delivered, faxed or mailed, respectively.

33. ASSIGNMENT BY CHARGE

The Chargee may assign or syndicate the loan for which this Charge is security without the consent of the Chargor.

34. VALIDITY OF PROVISIONS

If any provision of the Charge is held to any extent invalid or unenforceable, the remainder of the Charge shall not be affected and shall remain valid and enforceable.

35. TIME OF THE ESSENCE

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

36. INTERPRETATION AND HEADINGS

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

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

yyyy mm dd Page 1 of 4

Properties

PIN 13262 - 0011 LT
 Description PT BLK C PL 734 TORONTO AS IN RO1029035 ; MISSISSAUGA
 Address 3270 AMERICAN DR
 MISSISSAUGA

Source Instruments

Registration No.	Date	Type of Instrument
PR2342858	2013 03 11	Notice Of Lease

Party From(s)

Name UNITED EMPIRE 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.

Party To(s)

Capacity

Share

Name THE EQUITABLE TRUST COMPANY
 Address for Service c/o Harbour Mortgage Corp.
 36 Toronto Street
 Suite 500
 Toronto, Ontario
 M5C 2C5

Statements

Schedule: See Schedules

This document relates to registration no.(s)PR2342858 and PR2342884

Signed By

Leonard David Rodness	1500-151 Yonge St. Toronto M5C 2W7	acting for Party From(s)	Signed	2013 03 11
Tel 4168631188				
Fax 4168630305				

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

Submitted By

TORKIN MANES LLP	1500-151 Yonge St. Toronto M5C 2W7	2013 03 11
Tel 4168631188		
Fax 4168630305		

Fees/Taxes/Payment

Statutory Registration Fee	\$60.00
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The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd

Page 2 of 4

Fees/Taxes/Payment

Provincial Land Transfer Tax \$0.00

Total Paid \$60.00

File Number

Party To Client File Number :

17349-166

ASSIGNMENT OF LESSOR INTEREST IN A LEASE

WHEREAS The Equitable Trust Company (the "Assignee") is advancing and/or may in the future advance funds (the "Advances") to United Empire Lands Ltd. (the "Assignor") upon the security of a charge (the "Charge") registered on the same date as this assignment made by the Assignor in favour of the Assignee and covering the lands and premises described as Part Block C, Plan 734 Toronto, as in RO1029035, City of Mississauga, and municipally known as 3270 American Drive, Mississauga (which lands and all buildings at any time situate thereon during the existence of the Charge are hereinafter referred to as the "Property");

AND WHEREAS as a condition precedent to the making of the Advances, the parties hereto agreed that the Assignor would assign to the Assignee by way of additional security the benefit of a lease (the "Lease") between the Assignor, as Landlord, and Cenveo McLaren Morris and Todd Company, as Tenant, (the "Tenant") with respect to the Property, which Lease is dated the 8th day of March, 2013, notice of which was registered on title to the Property as Instrument No. PR2342858 on the 11th day of March, 2013;

NOW THEREFORE in consideration of the Advances and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The Assignor assigns to the Assignee, as security for all indebtedness secured by the Charge, and until the indebtedness secured by the Charge has been fully paid and satisfied, the full benefit of the Lease.
2. The Assignor covenants that the Lease is a good and subsisting Lease at the date hereof, that it has not been amended and that there are no breaches of any of the covenants, terms and conditions or any default under the Lease.
3. The Assignor also covenants and agrees that the Assignor will not, without the prior written consent of the Assignee :
 - (a) Cancel the Lease or accept a surrender thereof;
 - (b) Modify the Lease, either orally or in writing;
 - (c) Consent to the assignment of the Tenant's interest in the Lease; or
 - (d) Assign, pledge or hypothecate the Lease or the rents, revenues and/or other payments due or to become due thereunder, or any part thereof, other than to the Assignee.

Any of the above acts, if done without the prior written consent of the Assignee, shall be null and void.

4. The Assignee shall have full power and authority to demand, collect, sue for, recover, receive and give receipts for rents, revenue and other payments under the Lease (the "rent") and to enforce payment thereof in the name of the Assignor or the owner from time to time of the Property.
5. The Assignee shall not be responsible for the collection of rent or any part thereof or the performance of any of the obligations of the Assignor contained in the Lease, and the Assignee shall not by virtue of this Assignment be deemed a chargee in possession of the Property or any part thereof. The Assignee shall be liable to account only for such rent as may actually come into its hands by virtue of this Assignment, less all costs, expenses and other proper deductions, and such monies when so received by it may be applied on account of any indebtedness of the Assignor to it.
6. Payments of rent pursuant to the Lease may continue to be made to the Assignor until such time as the Assignee or Assignor notifies the Tenant in writing that default has or may have occurred under the Charge and requires the Tenant to pay the rent to the Assignee. The Assignor hereby irrevocably authorizes and directs the Tenant to pay rent in accordance with such notice upon receipt of an original of such notice or of a photostatic copy thereof. The Assignor will not, without the written consent of the Assignee, collect or accept rent from the Tenant other than at the time and in the manner

required by the Lease and in no event shall collect more than one month's rent in advance.

7. This Assignment shall in no way lessen, prejudice or hinder the rights or remedies of the Assignee under the Charge or any other security held by the Assignee.
8. The Assignor shall execute such further assurances as the Assignee may reasonably require to give full effect to this Assignment.
9. A discharge of the Charge shall operate as a reassignment of the Lease back to the Assignor.
10. This Assignment shall be binding upon and enure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties hereto, as the case may be, and shall be in full force and effect upon execution and delivery of this Assignment by the Assignor to the Assignee and without execution and delivery by the Assignee to the Assignor.

Dated at Toronto, this 7th day of March, 2013.

UNITED EMPIRE LANDS LTD.

Per 

Norma Walton, President

I have authority to bind the Corporation

LAND TRANSFER TAX STATEMENTS

In the matter of the conveyance of: 13262 - 0011 PT BLK C PL 734 TORONTO AS IN RO1029035 ; MISSISSAUGA

BY: UNITED EMPIRE LANDS LTD.

TO: THE EQUITABLE TRUST COMPANY

% (all PINs)

1. LEONARD D. RODNESS

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 THE EQUITABLE TRUST COMPANY described in paragraph(s) (c) above.
- (e) The President, Vice-President, Manager, Secretary, Director, or Treasurer authorized to act for _____ described in paragraph(s) () 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	0.00
(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))	0.00
(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	0.00

4.

Explanation for nominal considerations:

r) lease term of which including any renewals cannot exceed 50 years

5. The land is subject to encumbrance

PROPERTY Information Record

- A. Nature of Instrument: Notice Of Assignment Of Lessor Interest In Lease
LRO 43 Registration No. PR2342896 Date: 2013/03/11
- B. Property(s): PIN 13262 - 0011 Address 3270 AMERICAN DR Assessment 2105050 - 10801300
MISSISSAUGA Roll No
- C. Address for Service: c/o Harbour Mortgage Corp.
36 Toronto Street
Suite 500
Toronto, Ontario
M5C 2C5
- D. (i) Last Conveyance(s): PIN 13262 - 0011 Registration No. PR2342857
(ii) Legal Description for Property Conveyed : Same as in last conveyance? Yes No Not known
- E. Tax Statements Prepared By: Leonard David Rodness
1500-151 Yonge St.
Toronto M5C 2W7

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

yyyy mm dd Page 1 of 4

Properties

PIN 13262 - 0011 LT
Description PT BLK C PL 734 TORONTO AS IN RO1029035 ; MISSISSAUGA
Address 3270 AMERICAN DR
 MISSISSAUGA

Applicant(s)

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

Name UNITED EMPIRE 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.

Party To(s)*Capacity**Share*

Name THE EQUITABLE TRUST COMPANY
Address for Service c/o Harbour Mortgage Corp.
 36 Toronto Street
 Suite 500
 Toronto, Ontario
 M5C 2C5

Statements

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

This notice may be deleted by the Land Registrar when the registered instrument, PR2342884 registered on 2013/03/11 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Leonard David Rodness 1500-151 Yonge St. acting for Signed 2013 03 11
 Toronto Applicant(s)
 M5C 2W7
 Tel 4168631188
 Fax 4168630305

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

Leonard David Rodness 1500-151 Yonge St. acting for Signed 2013 03 11
 Toronto Party To(s)
 M5C 2W7
 Tel 4168631188
 Fax 4168630305

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

Submitted By

TORKIN MANES LLP 1500-151 Yonge St. 2013 03 11
 Toronto
 M5C 2W7
 Tel 4168631188
 Fax 4168630305

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

yyyy mm dd Page 2 of 4

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Party To Client File Number : 17349-166

GENERAL ASSIGNMENT OF RENTS

WHEREAS The Equitable Trust Company (the "Assignee") is advancing and/or may in the future advance funds (the "Advances") to United Empire Lands Ltd. (the "Assignor") upon the security of a charge (the "Charge") registered on the same date as this General Assignment of Rents made by the Assignor in favour of the Assignee and covering the lands and premises legally described as Part Block C, Plan 734 Toronto, as in RO1029035, City of Mississauga, and municipally known as 3270 American Drive, Mississauga (which lands and all buildings, improvements and fixtures at any time situate thereon during the existence of the Charge are hereinafter referred to as the "Property");

AND WHEREAS as a condition precedent to the making of the Advances, the Assignor agreed to assign to the Assignee by way of additional security to the Charge all rents now due or accruing due or at any time hereafter to become due under all leases, present and future, at any time made during the existence of the Charge in respect of the Property or any part thereof;

NOW THEREFORE in consideration of the Advances, the Assignor agrees as follows:

1. The Assignor hereby assigns to the Assignee, as security for all indebtedness secured by the Charge, and until the indebtedness secured by the Charge has been fully paid and satisfied, all rents and other monies now due and payable or hereafter to become due and payable to the Assignor in connection with the Property including, without limitation, harmonized sales tax payable in connection with such rents and other monies, and the benefit of all covenants of tenants, occupants, licencees and assignees (the "Rent") under every existing and future lease, agreement to lease, tenancy, agreement as to use or occupation and licence in respect of the Property or any part thereof (the "Leases").
2. The Assignee shall have full power and authority to demand, collect, sue for, recover, receive and give receipts for the Rent and to enforce payment thereof in the name of the Assignor or the owner from time to time of the Property.
3. The Assignee shall not be responsible for the collection of the Rent or any part thereof, or the performance of any of the obligations of the Assignor contained in any Lease, and the Assignee shall not by virtue of this Assignment be deemed a chargee or mortgagee in possession of the Property. The Assignee shall be liable to account only for such monies as actually come into its hands by virtue of this Assignment, less all costs, expenses and other proper deductions and any monies so received by it may be applied on account of any indebtedness of the Assignor to the Assignee.
4. Payments of Rent pursuant to any Lease may continue to be made to the Assignor until such time as the Assignee gives written notice to the tenant, occupant, licencee or assignee thereunder (the "Tenant") that default has occurred under the Charge and requires the Tenant to pay the Rent to the Assignee. The Assignor hereby irrevocably authorizes and directs every Tenant receiving such notice to pay the Rent in accordance with such notice. The Assignor will not, without the written consent of the Assignee, collect or accept the Rent from any Tenant other than at the time and in the manner required by the Tenant's Lease and shall not, in any event, collect more than one month's Rent in advance.
5. The Assignor will not lease or agree to lease all or any part of the Property except at a rent, on terms and conditions and to tenants which are at least as favourable or desirable to the Assignor as those which a prudent landlord would accept for the Property or for the part of the Property to be leased.
6. The Assignor shall not, without the prior written consent of the Assignee, accept prepayment of Rent from any Tenant which shall exceed one month's Rent payable by such Tenant.
7. The Assignor shall not at any time during the existence of the Charge assign, pledge or hypothecate any Lease or the Rent or any part thereof, other than to the Assignee.
8. This Assignment shall in no way lessen, prejudice or hinder the rights or remedies of the Assignee under the Charge or any other security held by the Assignee.

9. The Assignor shall execute such further assurances as the Assignee may reasonably require to give full effect to this Assignment.
10. A discharge of the Charge shall operate as a reassignment of the Rents back to the Assignor.
11. The Assignor shall pay all the expenses of the Assignee incurred in connection with the registration of financing statements and financing change statements pursuant to the *Personal Property Security Act* relating to this Assignment.
12. Whenever the singular or neuter gender are used in this Assignment, the same shall be construed as meaning the plural, masculine or feminine gender when the context so requires. If there are two or more than one Assignor, all covenants contained herein shall be joint and several. Time shall be of the essence of this Assignment.
13. This Assignment shall be binding upon and enure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties hereto and shall be in full force and effect upon execution and delivery of this Assignment by the Assignor to the Assignee.

Dated at Toronto, this 7th day of March, 2013.

UNITED EMPIRE LANDS LTD.


Per _____

Norma Walton, President

I have authority to bind the Corporation

17349.0166/5449977_1

DBDC SPADINA LTD. et al.
Applicants

-and- NORMA WALTON et al.
Respondents

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF BRUCE SHEPHERD

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Jeffrey J. Simpson (39663M)
jsimpson@torkinmanes.com
Tel: 416-777-5413
Fax: 1-888-587-9143

Lawyers for Harbour Mortgage Corp.

RCP-E 4C (July 1, 2007)

DBDC SPADINA LTD. et al.
Applicants

-and- NORMA WALTON et al.
Respondents

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**RESPONDING MOTION RECORD OF
HARBOUR MORTGAGE CORP
(Returnable December 18, 2013).**

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Jeffrey J. Simpson (39663M)
jsimpson@torkinmanes.com
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Lawyers for Harbour Mortgage Corp.

RCP-E 4C (July 1, 2007)