

CLERK OF THE COURT  
FILED  
MAR 16 2020  
JUDICIAL CENTRE  
OF CALGARY

COURT FILE NUMBER 2001-03935  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT VANCITY COMMUNITY INVESTMENT BANK  
RESPONDENTS FIRST STREET PLAZA (2006) LIMITED  
PARTNERSHIP by its general partner FIRST  
STREET PLAZA GP LTD.; LOUISE BLOCK  
LIMITED PARTNERSHIP by its general partner  
LOUISE BLOCK CAPITAL CORP.; MACLEOD  
PLACE LIMITED PARTNERSHIP by its general  
partner MACLEOD PLACE LTD; RIAZ  
MAMDANI; and IEC LTD.

DOCUMENT **AFFIDAVIT**  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
LAWSON LUNDELL LLP  
Barristers and Solicitors  
Suite 1100, 225 – 6<sup>th</sup> Avenue SW  
Brookfield Place  
Calgary AB T2G 4Y8

Tel: (403) 269-6900  
Fax: (403) 269-9494  
File No. 14134-134461  
**Attention: William L. Roberts**

**AFFIDAVIT #2 OF GREGORY ASAI**

I, Gregory Asai, Manager, Special Accounts, of 183 Terminal Avenue in the City of Vancouver, in the Province of British Columbia, SWEAR THAT:

1. I am a Manager, Special Accounts – Risk Division, with Vancouver City Savings Credit Union. In that capacity, I am authorized to act on behalf of Vancity Community Investment Bank (“VCIB”) in relation to this matter and as such have personal knowledge of the matters herein deposed to, save and except where stated to be on information and belief, and in such cases I verily believe same to be true.
2. I make this Affidavit supplemental to my previous Affidavit sworn in these proceedings. The capitalized terms noted herein have the same meaning as those defined in my previously sworn Affidavit.
3. I make this Affidavit to append copies of the Loan and Security Agreements relating to the Properties.

### **Macleod Place**

4. Attached hereto and marked collectively as *Exhibit "A"* are the following Loan and Security Agreements in relation to McLeod Place:
  - (a) Commitment Letter dated February 27, 2013 (exhibit pages 1 - 12);
  - (b) Mortgage Renewal Letter dated April, 2019 (exhibit pages 13 - 20);
  - (c) Mortgage registered at the Alberta Land Titles Office on March 18, 2013 as instrument number 131 062 249 (exhibit pages 21 - 45);
  - (d) Mortgage Extension and Amending Agreement registered at the Alberta Land Titles Office on June 10, 2019 via caveat number 191 109 177 (exhibit pages 46 - 54);
  - (e) Assignment of Rents and Assignment of Leases both registered under a single caveat at the Alberta Land Titles Office on March 18, 2013 as instrument number 131 062 250 (exhibit pages 55 - 65);
  - (f) Site specific General Security Agreement dated March 12, 2013, notice of which is registered against Macleod Place Ltd. and Macleod Place Limited Partnership at the Alberta Personal Property Registry as registration number 13031125416 (exhibit pages 66 - 86); and
  - (g) Covenantor Agreement dated March 12, 2013 granted by Irrational Exuberance Corp. (now IEC Ltd.) and Riaz Mamdani (exhibit pages 87 - 97).
5. Though there are other ancillary and related agreements, renewals or extensions relating to this loan, I have not attached those documents to this Affidavit.

### **Louise Block**

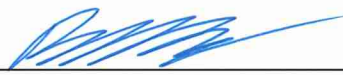
6. Attached hereto and marked collectively as *Exhibit "B"* are the following Loan and Security Agreements in relation to Louise Block:
  - (a) Commitment Letter dated October 18, 2007 (exhibit pages 1-9);
  - (b) Mortgage registered at the Alberta Land Titles Office on November 7, 2007 as instrument 071 548 218 (exhibit pages 10 - 35);
  - (c) Assignment of Rents and an Assignment of Leases both registered under a single caveat at the Alberta Land Titles Office on November 7, 2007 as instrument number 071 548 219 (exhibit pages 36 - 46);


- (d) Site specific General Security Agreement dated November 2, 2007, notice of which is registered against Louise Block Capital Corp. and Louise Block Limited Partnership at the Alberta Personal Property Registry as registration number 19121828236 (exhibit pages 47 - 67); and
  - (e) Covenantor Agreement dated November 2, 2007 granted by Riaz Mamdani (exhibit pages 68 - 79).
7. Though there are other ancillary and related agreements, renewals or extensions relating to this loan, I have not attached those documents to this Affidavit.

**First Street Plaza**

8. Attached hereto and marked collectively as *Exhibit "C"* are the following Loan and Security Agreements in relation to First Street Plaza:
- (a) Commitment Letter dated March 10, 2015 (exhibit pages 1 - 15);
  - (b) Mortgage registered at the Alberta Land Titles Office on March 24, 2015 as instrument 151 080 304 (exhibit pages 16 - 40);
  - (c) Assignment of Rents and an Assignment of Leases both registered under a single caveat at the Alberta Land Titles Office on March 24, 2015 as instrument number 151 080 305 (exhibit pages 41 - 51);
  - (d) Site specific General Security Agreement dated March 19, 2015, notice of which is registered against First Street Plaza GP Ltd. and First Street Plaza (2006) Limited Partnership at the Alberta Personal Property Registry as registration number 15031734097 (exhibit pages 52 - 71); and
  - (e) Covenantor Agreement dated March 19, 2015 granted by Irrational Exuberance Corp. (now IEC Ltd.) and Riaz Mamdani (exhibit pages 72 - 82).
9. Though there are other ancillary and related agreements, renewals or extensions relating to this loan, I have not attached those documents to this Affidavit.

SWORN BEFORE ME at the City of )  
 Vancouver, in the Province of British )  
 Columbia, on March 13, 2020 )  
 )

  
 \_\_\_\_\_ )  
 A Commissioner for taking Affidavits within )  
 British Columbia )  
**BLAIR McRADU** )  
*Barrister & Solicitor* )  
 1600 - 925 WEST GEORGIA ST. )  
 VANCOUVER, B.C. V6C 3L2 )  
 (604) 685-3456 )

  
 \_\_\_\_\_ )  
**GREGORY ASAI** )  
 Gregory J. Asai )  
 Manager, Special Accounts - Business )  
 Vancity Group of Companies )

This is Exhibit "A" referred to in the  
affidavit of Gregory Asai sworn before me  
this .....<sup>13</sup> day of March, 2020.



-----  
A Commissioner for taking Affidavits for  
British Columbia.

5<sup>th</sup> floor, 183 Terminal Ave  
Vancouver, BC V6A 4G2

Please reply to: Ron Woo  
Direct Tel: (604) 708-7739  
Email: ron\_woo@citizensbank.ca

February 27, 2013

Macleod Place Ltd.  
c/o Canada ICI Capital Corporation  
Suite 1760, 525 8<sup>th</sup> Ave SW  
Calgary, AB  
T2P 1G1

Attention: Doug Milne/Riaz Mamdani

Dear Sirs:

**Re: Land and Premises situate at 5920 & 5940 Macleod Trail SW, Calgary Alberta**

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We are pleased to advise that Citizens Bank of Canada ("Citizens"), a wholly-owned subsidiary of Vancity Savings Credit Union ("Vancity"), has authorized first mortgage term financing upon the following terms and conditions set out in this letter (together with any schedules and/or attachments, the "Commitment Letter").

**1. PURPOSE:**

To assist with the re-finance of two office buildings representing  $\pm 183,712$  ft<sup>2</sup> of Net Rentable Area and located at 5920 & 5940 Macleod Trail SW, Calgary, Alberta (the "Property"). Proceeds will be used to fully repay all existing mortgages on the Property.

**2. BORROWER:**

Macleod Place Ltd. and Macleod Place Limited Partnership (collectively, the "Borrower")

**3. COVENANTORS:**

Irrational Exuberance Corporation and Riaz Mamdani will jointly and severally covenant to repay the loan in full, and will indemnify and save harmless Citizens from and against any failure of the Borrower to repay the loan or perform any of the obligations and covenants pursuant to the loan.

**4. LOAN AMOUNT & TYPE:**

**\$32,000,000** non-revolving fixed rate term loan to be funded in a single advance shared equally between Citizens and Concentra Financial Services Association ("Concentra") on or before March 28, 2013.

**5. INTEREST RATE:**

The rate of interest on the outstanding balance of the loan during the term shall be **3.80%** per annum, compounded semi-annually, payable monthly not in advance. Please note the Interest Rate is fixed until March 13, 2013. If funding occurs after March 13, 2013, the rate is subject to change. Citizens is prepared to fix the Interest Rate for a maximum of 10 days prior to funding but shall not be less than 3.80%. Upon maturity, if not renewed, the interest rate will change to Citizens Prime lending rate in effect from time to time plus 5.0% per annum, compounded monthly, payable not in advance.

**6. TERM:**

The assured term is for a period of **60 months** following the Interest Adjustment Date ("IAD"), and the whole of the outstanding balance will only be due and payable earlier in the event of default by the Borrower in observing or performing hereunder, or under the Security. Thereafter, the outstanding balance of the loan, plus interest and costs, will be repayable upon demand.

**7. AMORTIZATION:**

The loan shall be amortized over **240 months** from the IAD.

**8. REPAYMENT:**

The loan shall be repayable in equal blended monthly payments of **\$190,062** covering both principal and interest, commencing on the first day of the month following the IAD, and continuing thereafter on the first day of each month during the term. Interest payable from the funding date until the IAD shall be deducted from the loan advance.

**9. PREPAYMENT:**

Provided that the Borrower is not in default under the mortgage, or under any other Security, the Borrower shall have the right to prepay the loan at any time during the term, in whole or in part, upon payment to Citizens the greater of:

- i) an additional three (3) months of contract mortgage interest on the amount so prepaid; or
- ii) a yield maintenance fee based upon the difference between the contract mortgage interest rate, and the appropriate Government of Canada bond or treasury bill yield for the remaining term, as calculated by Citizens.

**10. COMMITMENT FEE:**

In accordance with the terms of the application letter dated January 8, 2013, Citizens acknowledges the prior receipt of a **\$15,000** Application & Processing Fee which is deemed fully earned and non-refundable upon issuance of this Commitment Letter. The Commitment Fee of **\$55,000** is now payable and deemed earned and non-refundable upon the Borrower's acceptance of this Commitment Letter.

**11. LEGAL DESCRIPTION:**

Plan 4269HS, Block 1, Lots 2, Excepting Thereout All Mines and Minerals

**12. SECURITY:**

The loan shall be secured by the following documents which must be satisfactory in form and substance to Citizens and their solicitors:

- Registered \$32,000,000 mortgage creating a first fixed financial charge over all the legal and beneficial fee simple interest in the Property, together with an Assignment of Rents.
- Participation and Administration Agreement between Citizens and Concentra indicating their pari passu loan participation of \$16,000,000.
- General Security Agreement creating a first fixed and floating security interest over all present and after acquired personal property of the Borrower with respect to the Property.
- General assignment of leases.
- Covenantor agreements.

- Full replacement cost "all risk" insurance including business interruption and flood/earthquake coverage, as appropriate, indicating Citizens as first loss payee and mortgagee under a Standard Mortgage Clause, together with liability coverage at least equal in scope to a Commercial General Liability form, and in the minimum amount of \$5,000,000 per occurrence.
- Assignment of all cross easement agreement(s) affecting the Property, as applicable.
- Environmental Indemnity Agreement executed by the Borrower and Covenantors.
- Subrogation and postponement of shareholder's and/or inter-company loans.
- Such additional Security as Citizens and/or its solicitors may reasonably require.

### **13. CONDITIONS PRECEDENT TO FUNDING:**

Prior to the initial advance of funds, Citizens shall have first received the following items, all of which must be satisfactory in form and content to Citizens in its sole discretion:

- Security documentation and resolutions, approved by Citizens solicitors, and registered where required.
- Transmittal letter from Colliers International Realty Advisors addressed to Citizens stating that their appraisal dated July 1, 2012, may be relied upon by Citizens for mortgage lending purposes and that there has been no decrease in market value since the date of the appraisal.
- Letter of Transmittal from Venture Engineering Consultants Ltd. stating that the Phase I Environment and Building Assessment reports dated October 23, 2012 may be relied upon by Citizens for mortgage lending purposes.
- Executed estoppel certificates from all tenants under lease with greater than or equal to 2,000 sq.ft. of net rentable area, the total of which is to represent a minimum of 70% of the overall net rentable area and 70% of rental revenue.
- Confirmation of BOMA BEST certification for the Property.
- Insurance policy review by Citizens consultant.
- Confirmation that Property taxes are current.
- Completed "about your business (community real estate)" form(s) identifying those individuals with signing authority for the borrowing entity(ies) and those with 25% or greater ownership or control of the borrowing entity(ies) or of the assets securing the loan. Form(s) must be sworn before a lawyer or notary retained by the borrower(s). All forms must be completed to the satisfaction of Citizens and its solicitors and be in full compliance with FINTRAC regulations
- Confirmation that there are no material outstanding work orders/ deficiencies affecting the Property or an appropriate undertaking to correct by the Borrower within 60 days of the advance.

### **14. ACKNOWLEDGMENT BY BORROWER:**

The Borrower acknowledges to the best of their knowledge that the Tenancy Schedule attached hereto as "Schedule A", is a true representation of the current leasing status for the Property.

**15. GENERAL CONDITIONS OF LENDING:**

- i) No registered secondary debt is permitted on title without Citizens prior written consent.
- ii) The attached pages entitled "FURTHER TERMS AND CONDITIONS" form an integral part of the Commitment Letter.

**16. CITIZENS SOLICITORS:**

Attention: Borden Ladner Gervais LLP (Terrence Lidster)	Phone No.: 403-232-9573	Fax No.: 403-266-1395
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**17. TIME FOR ACCEPTANCE:**

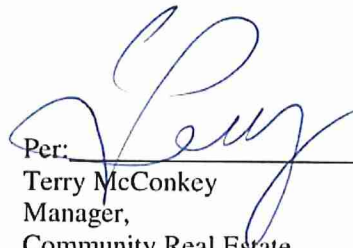
The Borrower and Covenantor may accept the Commitment Letter by returning the enclosed duplicate copy to Citizens, duly executed where indicated, together with the Commitment Fee in the amount of \$55,000, on or before March 6, 2013. Failing such acceptance, this offer of financing shall be of no further force or effect. Upon acceptance, this Commitment Letter shall constitute a binding agreement between Citizens and the Borrower.

Thank you for this opportunity to assist you with your re-financing requirements. Should you have any questions or comments, please do not hesitate to call.

Yours very truly,

**CITIZENS BANK OF CANADA**

Per:   
 Ron Woo  
 Account Manager,  
 Community Real Estate

Per:   
 Terry McConkey  
 Manager,  
 Community Real Estate

**18. BORROWER'S AND COVENANTORS ACCEPTANCE**

The Borrower and Covenantors hereby acknowledge and agree to the terms and conditions contained in the Commitment Letter, and authorize Citizens to instruct their solicitors to prepare the documentation in connection with the loan. The Borrower and Covenantors further acknowledge that the fees set forth in the Commitment Letter are a reasonable estimate of Citizens cost incurred in investigating and preparing the loan, and of holding monies available to fund the loan, and that the aforesaid fees shall be deemed earned by Citizens if the loan is not advanced.

Dated this 4 day of March, 2013.


**BORROWER:**

**Macleod Place Ltd.**

  
 \_\_\_\_\_  
 Authorized Signatory

\_\_\_\_\_  
 Authorized Signatory

**Macleod Place Limited Partnership**

  
 \_\_\_\_\_  
 Authorized Signatory

\_\_\_\_\_  
 Authorized Signatory



**COVENANTORS:**

**Irrational Exuberance Corporation**

  
\_\_\_\_\_  
*Authorized Signatory*

\_\_\_\_\_  
*Authorized Signatory*

**Riaz Mamdani**

  
\_\_\_\_\_  
*Riaz Mamdani*

Please provide us with the name, address and phone number of your solicitor:

McCarthy Tétrault LLP, Attn: Stephen Livergent

3300, 421-7 Avenue S.W., Calgary, Alberta T2P 1G6

Phone: (403) 260-3633

## FURTHER TERMS AND CONDITIONS

### **A. Disbursement of Funds:**

The loan will be disbursed upon all of the conditions herein being fulfilled.

### **B. Appraisal:**

It is a condition of the Commitment Letter and the advance of the loan that Citizens receive a satisfactory appraisal report prepared and/or reviewed by an appraiser with an AACI designation.

### **C. Survey:**

It is a condition of this Commitment and the advance of the loan that Citizens receive a surveyor's certificate and sketch by a qualified Lands Surveyor indicating the boundaries of the Property, the location of the improvements thereon, and certification that all improvements are wholly within the boundaries of the Property, or where such is not the case, specific identification of encroachments, and that the location of the improvements is in compliance with all municipal and civic siting bylaws and regulations.

### **D. Insurance:**

#### **Property:**

It is a condition of this Commitment and the advance of the loan that the Borrower insure or cause the Property to be insured, and keep insured for its full insurable "replacement value/cost" without deduction for foundations and footings, on an all-risk or broad form basis with extended risks including flood, earthquake, sewer back-up coverage, by-law extensions, loss of rental income coverage (minimum 12 month period of indemnity), without any "same or adjacent site" restriction. There must be a Stated Amount clause to waive the coinsurance condition or confirmation that there are no coinsurance restrictions applicable to the building(s).

#### **Boiler & Machinery:**

Boiler & Machinery coverage on a comprehensive repair or replacement cost basis and including by-law extensions and rental income coverage with a minimum 12 month period of indemnity, or such other period of indemnity as may be reasonably required by Citizens.

#### **Liability:**

Commercial General Liability coverage in a minimum amount of \$5,000,000 per occurrence must be in place. The foregoing liability insurance may be satisfied by a combination of primary, umbrella or excess policies. The Liability policy must show Citizens as an "Additional Insured".

#### **General:**

Signed Certificates of Insurance or Signed Binders of Insurance will suffice as satisfactory evidence of insurance at time of funding the loan. A certified copy of insurance (the "Policy") shall be supplied to Citizens as soon as it is available from the insurers.

The Policy shall remain in full force and effect throughout the term of the loan, or any renewal thereof. The Policy must be satisfactory to Citizens and its insurance consultant. The cost of the insurance review will be for the sole account of the Borrower.

The Policy must show Citizens as first loss payee and mortgagee, include a Standard Mortgage Clause, and provide at least 30 days prior written notice of cancellation to Citizens, except for non-payment, when statutory conditions may apply. Policy shall be permitted to contain reasonable deductibles.

The insurance requirements contained herein are a minimum guide and in no way represents an opinion as to the full scope of insurance coverage a prudent Borrower would arrange to adequately protect its interest, and/or the interests of Citizens. Citizens may require the Borrower to obtain additional insurance coverage, acting reasonably.

**E. Property Taxes:**

Property taxes shall be in a current position at the time of the initial loan advance. The Borrower agrees to provide Citizens with a paid receipted tax bill by August 1st of each calendar year. Citizens reserves the right to collect 1/12th of the estimated annual property taxes with the regular monthly payment of principal and interest.

**F. Sale of Property:**

The whole of the amount outstanding on the loan, including interest, shall be due and payable at the option of Citizens if the Borrower sells, agrees to sell, transfers, or otherwise disposes of its freehold interest in the Property.

**G. Change of Control of the Borrower:**

If the Borrower is a corporation, the whole of the amount outstanding on the loan, including interest shall be due and payable, at the option of Citizens, if there is in the opinion of Citizens, an effective change of control of the Borrower after the date hereof.

**H. Prohibited Businesses**

The Borrower shall not operate, nor allow any tenant to operate a business on the Property that:

- i) is sexually exploitive or that is inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; or
- ii) is engaged in or associated with illegal activities.

**I. Cancellation:**

Citizens may cancel this Commitment if:

- i) there is in the opinion of Citizens, acting reasonably, a material adverse change in the risk to Citizens; or
- ii) the Borrower, or any agent of the Borrower, or any officer or director of the Borrower if the Borrower is a corporation, shall have made any material misrepresentation in connection with the loan, or in the application for the loan; or
- iii) the loan has not been advanced within 60 days of the date of this Commitment Letter.

**J. Documentation:**

The preparation of all Security and any other documentation in connection with the loan, including registration thereof, shall be done by the solicitors for Citizens. Prior to any advance under the loan, Citizens solicitors must be satisfied that the Memorandum and Articles of Incorporation for the Borrower permit the mortgage transaction and Pledge of Security.

**K. Solicitor's Opinion:**

The whole of these arrangements shall be subject to the solicitors for Citizens being satisfied as to the title of the Property, the form and content of the Security documents, the corporate status of the Borrower if the Borrower is a corporation, and as to all legal matters pertaining to the loan and compliance with the conditions herein, subject always to the right of the solicitors for Citizens to require an opinion from the solicitors for the Borrower pertaining to any of the aforesaid.

**L. Joint Obligations:**

If the Borrower is comprised of more than one person, the obligations of the Borrower herein shall be joint and several obligations of all and each of the persons comprising the Borrower, and every reference to the Borrower shall be deemed to be a reference to all and each of the persons comprising the Borrower.

**M. No Assignment:**

This Commitment may not be transferred or assigned by the Borrower.

**N. Non-merger:**

Neither the execution nor registration of the mortgage nor the advance of the loan or any part thereof will relieve the Borrower from any obligation or conditions herein. If the provisions of the mortgage or any other documents executed pursuant hereto conflict with the provisions hereof, the provisions of the mortgage or other document shall prevail.

**O. Commencement of Interest Computation:**

Interest on the loan shall commence to accrue as and from the day the proceeds of the loan are forwarded to the solicitors for Citizens, notwithstanding that the proceeds may not actually be received by the Borrower on that day.

**P. Independent Legal Advice:**

Independent legal advice is required in all cases where there is a Covenantor(s) involved in the loan unless Citizens solicitors are satisfied that independent legal advice is not necessary.

**Q. Hazardous Substances Indemnity:**

In addition to any liability imposed on the Borrower under any instrument evidencing or securing the loan indebtedness, the Borrower shall be liable for any and all of Citizens costs, expenses, damages or liabilities, including, without limitation, all reasonable attorney's 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 be evidenced in a manner satisfactory and sufficient in the opinion of Citizens and its counsel, to survive foreclosure of its mortgage or a deed in lieu thereof or any exercise by Citizens of any remedies available to it for any default under the mortgage loan.

**R. Annual Reporting Requirements:**

As a federally chartered financial institution, Citizens is required to perform an "Annual Review" on each commercial account in its portfolio. Upon written request by Citizens, updated information shall be provided each year during the term of this loan, including, but not limited to, financial statements, tenancy schedule, lease(s), confirmation of adequate insurance coverage, and paid property taxes. Non-compliance shall be deemed an event of default under the Commitment Letter and Security.

**S. Outstanding Work Orders:**

There shall be no outstanding work orders/deficiencies affecting the Property during the Term.

**T. Syndication:**

Citizens shall have the right to syndicate, sell, assign or transfer all or any portion of the loan in its sole discretion, whether directly or by way of securitization. The Borrower and/or Covenantor(s), as applicable, hereby authorize Citizens to release any information in Citizens file to a potential participant in such a transaction.

**U. Citizens Role:**

Nothing contained in this Commitment or any related documentation shall in any way be deemed to be or be construed as creating the relationship of joint venturers or partners or co-venturers between the Borrower and Citizens. The parties each acknowledge and agree that the relationship between them is solely and exclusively one of Borrower and Lender.

**V. Broker's Role:**

It is acknowledged by the Borrower and Citizens that any broker or agency through which this Commitment letter is transmitted, as applicable under the circumstances, is an independent professional. As such, the broker's role is one of facilitation and provision of advice and service to both the Borrower and Citizens. Fees for these services are the Borrower's sole responsibility, settlement of which may be considered a precondition to any advance of funds by Citizens.

**W. Protection of Personal Information:**

The Borrower and Covenantor(s), as applicable, hereby agree that Citizens may collect, use and disclose personal information. Citizens is committed to ensuring the accuracy, confidentiality, and integrity of your personal information. Citizens may collect, use and disclose personal information only for the specific purposes of offering financial products and services, ensuring a high standard of service, meeting regulatory and legal requirements, managing and transferring Citizens assets and liabilities, and verifying identity.

Citizens may collect personal information through product and service arrangements you make with Citizens from credit bureaus and other financial institutions, and from any references you have provided to Citizens. Citizens may share your information and information about you and your business with credit bureaus, other financial institutions, its employees and business partners, but only as needed to provide you and your business with products and services. Citizens business partners may be subject to the laws and regulations of other jurisdictions or countries. Only in exceptional circumstances will Citizens disclose information without consent, and only as permitted or required by law. Citizens will not sell information to third parties.

Citizens may share personal information within the Vancity Group of Companies to manage the full relationship, including marketing products and services that may be of interest. At any time, you can opt out of receiving marketing offers from Citizens or limit the information that is shared for marketing purposes within the Vancity Group of Companies.

**X. Credit Report(s):**

The Borrower and Covenantor(s), as applicable, hereby authorize Citizens to obtain such credit report(s) as may be deemed necessary from time to time in connection with this loan.

**Y. Expenses:**

All expenses associated with this Commitment including, but not limited to, legal, appraisal, environmental, inspection, survey and insurance, are for the Borrower's account. The Borrower is solely responsible for the settlement of all expenses whether or not the legal documentation is completed, or any funds are advanced hereunder. At the discretion of Citizens, any unpaid expenses may be deducted from the proceeds of the loan advance(s).

**Z. Ethical Policy:**

Citizens is committed to being a social, environmental, and ethical leader in the financial services industry. Citizens expects to work with organizations that meet or exceed generally accepted standards of good business conduct, including compliance with relevant laws and regulations. Citizens welcomes the opportunity to work with organizations that demonstrate a commitment to:

- Ethical Business Practices
- Environmental Leadership
- Respect and Fair Treatment
- Healthy Communities
- Peaceful Communities

**INSURANCE BROKER CONTACT INFORMATION**

Please provide the following information by forwarding a completed copy of this form to Citizens along with your accepted Commitment Letter, for our records:

BORROWER(S): maxford Place Ltd. as General Partner for maxford Place Limited Partnership

SUBJECT PROPERTY ADDRESS: 5920 & 5940 maxford Trail S.W.  
Calgary, Alberta

INSURANCE BROKER: Rogers Insurance Ltd.


CONTACT PERSON: Rhawnie Tremblay

TELEPHONE NUMBER: (403) 717-5539

FACSIMILE NUMBER: \_\_\_\_\_

E-MAIL ADDRESS: rtremblay@rogersinsurance.ca

I/We hereby authorize the above noted Insurance Broker to release the insurance information required by Citizens Bank of Canada and their insurance consultant, for this transaction.

BORROWER(S):  \_\_\_\_\_

DATE: March 4, 2013

## Schedule A

Unit #	Tenant Name	Area Leased (sq.ft.)	Maturity Date	Lease Rate/sq.ft.	Annual Rent
<b>Macleod I</b>					
1-100	Gaucha Brazilian Barbecue Ltd.	3,837	31-Jul-19	\$21.00	\$80,577
1-101	Carlson Wagonlit Canada	1,910	31-Jan-15	\$17.00	\$32,470
1-103	Gaucha Brazilian Barbecue Ltd.	1,575	31-Mar-18	\$0.00	\$0
1-104	Abebayo Olowe Professional Corp	1,282	28-Feb-21	\$15.00	\$19,230
1-200	<i>vacant</i>	1,405		\$0.00	\$0
1-201	1047081 Alberta Ltd. o/a Mortgage Architects	1,441	30-Apr-15	\$14.00	\$20,174
1-204	G. Atkinson Appraisal Consultants Ltd.	1,764	14-Jan-15	\$12.00	\$21,168
1-206	Jane Oxenbury o/a Eidan Counseling	919	31-Aug-17	\$15.25	\$14,015
1-207	970008 Alberta Ltd.	2,256	31-Jul-17	\$15.00	\$33,840
1-208	Target Canada	2,544	31-Aug-17	\$16.00	\$40,704
1-300	Robert Half Canada Inc.	5,412	30-Nov-13	\$24.00	\$129,888
1-305	Scheffer Andrew Ltd.	3,238	30-Apr-17	\$16.00	\$51,808
1-310	<i>vacant</i>	1,694		\$0.00	\$0
1-400	Weston Bakeries Ltd.	10,327	30-Sep-17	\$11.00	\$113,597
1-501	Foley Inspection Services Inc.	3,699	31-Jan-17	\$14.00	\$51,786
1-502	Canadian National Sportmen's Shows	1,345	31-Jul-13	\$24.00	\$32,280
1-503	<i>vacant</i>	1,394		\$0.00	\$0
1-504	Harvest Marketing (Canada) Inc.	2,194	30-Sep-16	\$12.00	\$26,328
1-505	1047081 Alberta Ltd. o/a Mortgage Architects	1,637	30-Apr-15	\$13.50	\$22,100
1-600	298736 Alberta Ltd. o/a Hoffman Dorchik	6,576	30-Jun-20	\$11.50	\$75,624
1-604	Stuart Proctor	785	31-Jan-15	\$13.50	\$10,598
1-610	Cambridge Mercantile Corp.	1,077	31-Mar-14	\$19.00	\$20,463
1-620	<i>vacant</i>	1,712		\$0.00	\$0
1-700	Ticketmaster Canada LP	2,475	31-Oct-15	\$12.00	\$29,700
1-701	Just Energy Alberta LP	2,732	31-May-15	\$11.75	\$32,101
1-705	Rest Assured Bodyworks Inc.	1,453	31-Jul-15	\$15.00	\$21,795
1-710	Tristar Communities Inc.	732	30-Nov-15	\$14.00	\$10,248
1-720	ProCall Marketing Inc.	3,006	31-Aug-15	\$10.00	\$30,060
1-800	P Burns Resources Limited	6,185	30-Apr-17	\$14.00	\$86,590
1-801	635790 Alberta Ltd. And Yates Financial	1,900	30-Nov-15	\$12.50	\$23,750
1-802	Daystar Alberta Financial Inc.	1,775	31-Mar-15	\$14.00	\$24,850
<b>Macleod II</b>					
2-100	<i>vacant</i>	1,000		\$0.00	\$0
2-101	Pervasive Inc.	1,061	31-Aug-14	\$15.00	\$15,915
2-102	LMC Sites Ltd.	3,103	31-Oct-19	\$16.00	\$49,648
2-103	Phase One Industries Inc.	1,195	31-Mar-13	\$12.00	\$14,340
2-202	Logan Industries Ltd.	3,136	31-Mar-17	\$14.00	\$43,904
2-203	White North Energy Corp.	1,017	31-Jul-13	\$25.00	\$25,425
2-205	White North Energy Corp.	800	31-Jul-13	\$25.00	\$20,000
2-206	White North Energy Corp.	1,820	31-Jul-13	\$13.00	\$23,660
2-207	Adoption Options Alberta Ltd.	1,372	31-Dec-14	\$14.00	\$19,208
2-209	Manufacturers of Life Insurance Company	1,494	30-Apr-16	\$12.00	\$17,928
2-210	W. Pang Surveys Inc.	2,500	29-Feb-16	\$13.00	\$32,500
2-306	Teeterra Inc.	4,636	31-Jul-15	\$13.00	\$60,268
2-309	<i>vacant</i>	1,802		\$0.00	\$0
2-311	1384305 Alberta Ltd. o/a Fairway Divorce	2,113	31-Aug-16	\$17.00	\$35,921
2-313	Atlas Copco Canada Inc.	827	31-Jul-13	\$19.00	\$15,713
2-317	1073389 Alberta Ltd. o/a Strategic Brokers	2,991	31-Aug-13	\$25.50	\$76,271
2-401	GeoTrac Systems	8,175	31-Dec-19	\$16.00	\$130,800
2-402	Telecommunications Workers Union	2,761	31-Jan-18	\$12.00	\$33,132
2-403	Phillippe Dandurand Wines Ltd.	1,188	31-Jan-18	\$17.00	\$20,196
2-500	RCIN General Partner Holdings Corp.	12,124	31-Jul-22	\$12.50	\$151,550
2-601	Sensus Communications Solutions Inc.	1,667	30-Jun-17	\$18.00	\$30,006
2-602	Marketplace Events LLC	3,244	31-Jul-19	\$17.00	\$55,148
2-610	Full Circle Data Services Inc.	3,490	28-Feb-18	\$0.00	\$0
2-620	Element Financial Corporation	3,746	31-Jan-18	\$17.00	\$63,682
2-700	AdFarm Partnership	12,089	30-Jun-18	\$0.00	\$0
2-800	Morneau Shepell Ltd.	12,082	31-Aug-20	\$15.75	\$190,292
2-900	Parsons Binckerhoff Halsall Inc.	11,998	28-Feb-14	\$23.00	\$275,954
<b>Total</b>		<b>183,712</b>		<b>\$ 13.38</b>	<b>\$2,457,203</b>

Acknowledged by the Borrower as correct, please initial:



Please reply to: Jason Verreault  
Direct Line: 437.217.6457  
Email: jverreault@vcib.ca

April 1, 2019

Strategic Group  
c/o Canada ICI  
Suite 430, 2020 – 4<sup>th</sup> Street, SW  
Calgary, AB T2S 1W3

**Attention: Rizwan Hussainaly, Director, Mortgage Origination  
Doug Milne, B.Comm, MBA, Managing Director - Calgary**

Dear Sirs:

**RE: Mortgage:** 20100072189744  
**Borrower:** Macleod Place Ltd. and Macleod Place Limited Partnership  
**Property:** 5920 and 5940 Macleod Trail SW, Calgary, AB (the "Property").

*This letter cancels and supersedes Vancity Community Investment Bank's Renewal Letter dated February 25, 2019.*

The above-referenced loan with Vancity Community Investment Bank ("VCIB") has been extended to May 1, 2019 (the "New Maturity Date") with an outstanding balance of \$24,882,604.25 assuming all payments up to and including the New Maturity Date, are made on their due date (herein referred to as the "Loan").

VCIB is pleased to offer a renewal of the Loan effective May 1, 2019 upon the following terms and conditions as set out in this letter agreement, together with any schedules and/or attachments (the "Renewal Letter").

**1. BORROWER:**

Macleod Place Ltd. and Macleod Place Limited Partnership (collectively, the "Borrower")

**2. COVENANTOR(S):**

Irrational Exuberance Corp. and Riaz Mamdani (together the "Covenantors")

**3. LEGAL DESCRIPTION:**

Plan 4269HS, Block 1, Lots 2, Excepting Thereout All Mines and Minerals

**4. RENEWAL TERMS:**

<b>Projected Outstanding Balance at Maturity:</b>	\$24,882,604.25 (outstanding after the May 1, 2019 payment) <b>\$20,226,104.25</b> (amount approved for renewal after principal reduction)
<b>Interest Rate:</b>	To be fixed on April 26 (5 days prior to the renewal date) at the 3 year Government of Canada Bond Rate plus 315 basis points, but will be no less than 4.8% per annum, compounded semi-annually, payable monthly not in advance.
<b>Renewal Term (Closed)</b>	3 Years (36 months)
<b>Amortization:</b>	20 Years (240 months)

<b>Monthly Principal and Interest Payment:</b>	To be calculated subject to the fixed interest rate to be determined (based on the minimum interest rate of 4.8% the payment would be \$130,736. The first payment will be due June 1, 2019.
<b>Renewal Fee:</b>	\$20,000
<b>New Maturity Date:</b>	May 1, 2022

**5. SECURITY:**

The Loan shall be secured by the existing Loan Documents which must be satisfactory in form and substance to VCIB and/or its solicitors. The Borrower shall provide additional Loan Documents as required by VCIB, including but not limited to, a registered mortgage modification agreement and any applicable priority agreements in registerable form from all subsequent encumbrance holders and all prior encumbrance holders where priority agreements have been previously obtained for VCIB. The Borrower shall be responsible for all legal fees and disbursements in connection with the preparation and registration of same.

**6. TERMS AND CONDITIONS OF RENEWAL:**

- a) Receipt of a principal repayment in the amount of **\$4,656,500**, reducing the principal amount of the Loan at renewal from \$24,882,604.25 to **\$20,226,104.25**. This principal repayment is due on or before the May 1, 2019 renewal date.
- b) No registered secondary debt is permitted on title without VCIB's prior written consent.  
A priority agreement in favour of VCIB, registered on title, confirming the VCIB first mortgage charge has priority over the ~~BCMP~~ second mortgage charge, and providing VCIB notice of default, to be prepared by and satisfactory to VCIB's solicitor.
- c) Receipt and satisfactory review of the 2<sup>nd</sup> mortgage renewal and/or amendment offer from BCMP; or a refinance offer from a new 2<sup>nd</sup> mortgage lender to be determined, all as when available.
- d) The renewal is subject to receiving a signed completed copy of the attached:  
**Schedule "A"** – About Your Business Form (Community Real Estate) identifying those individuals with:
  - o signing authority for the borrowing entities; and
  - o those with 25% or greater ownership or control of the borrowing entities or of the assets securing the Loan.
 Forms must be sworn before a lawyer or notary retained by the Borrower. All forms must be completed to the satisfaction of the VCIB and its solicitors and be in full compliance with FINTRAC regulations.
- e) Annual reporting requirements are amended to include receipt and satisfactory review on a quarterly basis, of a current tenant schedule and year to date in-house income and expense statements. The first quarterly reporting will be **required on or before May 1, 2019**, and each quarter thereafter.
- f) Receipt and satisfactory review of the December 31, 2018 year end financial statements for Macleod Place Limited Partnership and Irrational Exuberance Corp., the Strategic Group 2018 Annual Report, and an up to date Statement of Property Values and Cash flow for the Strategic Group (most recent on file is dated January, 2018) **to be received with the May 1, 2019 annual reporting requirements.**
- g) All other terms and conditions of the original Commitment Letter, Security documents, and any subsequent amendments, not explicitly further amended herein, shall remain in full force and effect.
- h) The Renewal Letter may be signed in any number of counterparts and, if so executed, each such counterpart shall be deemed to be an original, but all such counterparts shall be read and construed together as if they constituted one original.

**7. FINANCIAL COVENANT:**

A **Debt Service Coverage** of a minimum of **1.25 times** to be in effect at all times, to be tested annually based upon current rent roll and lease information. "Debt Service Coverage" is defined as the total annual Triple Net (NNN) income from the leases with respect to the Lands LESS vacancy, structural and other expense allowances as determined by VCIB DIVIDED by annual payments of principal plus interest payable on the VCIB Loan.

A **Debt Service Coverage** of a minimum of **1.0 times** to be in effect at all times, to be tested annually as noted above, calculated on the combined annual payments of principal and interest payable on VCIB's first mortgage charge securing the Loan and the ~~BCIF~~ second mortgage charge.

The first annual review for Debt Service Coverage will be completed at the first anniversary of the Renewal Term, May 1, 2020 and each year thereafter.

In the event the Debt Service Coverages are not met at the annual review, the Borrower will provide a \$400,000 Cash Collateral Reserve. Release of the Cash Collateral Reserve will be subject to meeting the minimum Debt Service Coverages at the next annual review as determined by VCIB, or upon repayment in full of the Loan.

**8. TIME FOR ACCEPTANCE:**

The Borrower and Covenantors may accept the Renewal Letter by returning a fully executed copy to VCIB, together with the Renewal Fee in the amount of \$20,000, on or before April 8, 2019. Upon receipt of the signed Renewal Letter and Renewal Fee, and satisfaction of Section 6 "Terms and Conditions of Renewal" this Renewal Letter shall constitute a binding agreement. Should VCIB not receive a duly signed copy of the Renewal Letter by the aforementioned date, VCIB reserves the right to withdraw this Renewal Letter.

Thank you for this opportunity to assist you with your financing requirements. Should you have any questions or comments, please do not hesitate to call the undersigned.

Yours very truly,

**VANCITY COMMUNITY INVESTMENT BANK**  
by its authorized signatories



**Kevin Mathias**  
Special Advisor to the CEO



**BORROWER'S AND COVENANTOR'S ACCEPTANCE**

The Borrower and Covenantors hereby acknowledge and agree to the terms and conditions contained in the Renewal Letter dated this 08 day of April, 2019

**BORROWER:**

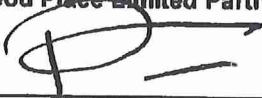
**Macleod Place Ltd.**



\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory

**~~Macleod Place Limited Partnership~~**



\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory

**COVENANTORS:**

**Irrational Exuberance Corp.**



\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Authorized Signatory

**Riaz Mamdani**



\_\_\_\_\_  
Riaz Mamdani

**SCHEDULE "A" - ABOUT YOUR BUSINESS (COMMUNITY REAL ESTATE)**

Date: March 4, 2019

The Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its Regulations require Vancouver City Savings Credit Union ("Vancity") to RECORD AND VERIFY specific information regarding organizations and individuals with which it conducts business. COMPLETION OF THIS FORM IN FULL is a condition of commercial mortgage financing with Vancity and/or Vancity Community Investment Bank\* ("VCIB").

**A. Name of Borrowing Entity (ie. Borrower and owner of the securing property)**

Macleod Place Ltd. and Macleod Place Limited Partnership  
Legal name of business/organization

Trade name, if applicable

400, 630-8 Avenue SW Calgary Alberta T2P 1G6  
Business address City Province Postal Code

Mailing address (if different from above) City Province Postal Code

(403) 770-2200  
Business phone Corporate website

For corporations only: 2017198850 Alberta  
Registered corporation # Place of issuance

For registered charitable organizations only: \_\_\_\_\_  yes  no  
Canadian registered charity # Donations solicited from public?

Riaz Mammadani (403) 770-2291 riaz@mammadani.com  
Primary business contact title phone email

real estate investment  
Primary function of business

Sole Proprietorship  <sup>limited</sup> Partnership  Incorporated  Unincorporated

\* VCIB is chartered under the Bank Act of Canada, and is a wholly owned subsidiary of Vancity. Any reference to VCIB also includes Vancity.

**B. Beneficial Ownership of the Property (securing your commercial mortgage)**

Please record information below in regard to the individual(s) who ultimately O/W OR CONTROL 25% OR MORE of the Property. This may include individuals who are not signers on the account.

If beneficial ownership is held through one or more corporate entities, please name any individual(s) who ultimately own or control 25% or more of the Property.

\* Please provide a descriptive occupation such as Real Estate Investor or Land Developer (ie. 'businessman' or an individual's job title is not sufficient).

maicol  
Plus  
Ltd.

maicol  
Plus  
Limited  
Partnership

maicol Plus Ltd.	Riz Mambini	2211-7st St, Calgary, AB	CEO	100 class A shares
	name	home address	occupation*	% ownership/control

maicol Plus Limited Partnership	Irrational Subterfuge Corp.	400, 630-8A St SW, Calgary, AB		99.999%
	name	home address	occupation*	% ownership/control

	name	home address	occupation*	% ownership/control
--	------	--------------	-------------	---------------------

	name	home address	occupation*	% ownership/control
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If individual ownership or control cannot be recorded above please explain (check all that apply):

- No individual owns or controls more than 25% of the Property.
- Beneficial ownership is held by a Society or Co-operative and no individual has 25% or more control of the Property.
- The beneficial owner is a Large Publicly Held Corporation with audited book value equity of CAD \$75 Million or greater, and trades on a Canadian stock exchange or on a stock exchange outside of Canada, recognized by the Minister of Finance. LARGE PUBLICLY HELD CORPORATIONS ARE EXEMPT FROM COMPLETING SECTION B ABOVE.

**VERIFICATION:**

I have personal knowledge of the information provided in Section B above. I have the authority on behalf of the beneficial owners to make this attestation and certify it to be true.

Riz Mambini \_\_\_\_\_ Date  
 Print Name Signature Title and Company Date  
 march 4, 2019

**C. Officer(s) Signature and Verification of Identity (this section must be witnessed by a Lawyer or Notary)**

Vancity MUST VERIFY THE IDENTITY OF UP TO THREE INDIVIDUALS who have authority to sign on behalf of the Borrower or to give instructions in respect of the account. For those accounts on which more than three individuals have the authority to sign or to give instructions in respect of the account, the identity of only three must be verified. On accounts where the corporation has three or fewer individuals who have the authority to sign or to give instructions in respect of the account, the identity of all such individuals must be verified. The lawyer or notary witnessing this form is acting on behalf of Vancity for the specific purpose of ascertaining and verifying the identification of the officers with authority to sign or to give instructions in respect of the account.

**Acknowledgement & consent:**

By signing below, you acknowledge that you have read and understood the protection of personal information and consent to Vancity obtaining such personal information about you as required from time to time.

**first loan signatory**

mamolahi Riaz  April 19, 1968 640 415 584  
 last name first name middle name date of birth social ins # (optional)  
2211-78th SW Calgary AB T2T 2X3  
 home address city province postal code  
Drivers Licence 1346666-502 Alberta April 9, 2003  
 primary identification type (see next page for examples) reference # place of issue expiry date  
Passport AR324474 Canada April 24, 2007  
 secondary identification type reference # place of issue expiry date

  
 Loan signatory – I have the authority to bind the corporation

**second loan signatory**

\_\_\_\_\_  
 last name first name middle name date of birth social ins # (optional)  
 \_\_\_\_\_  
 home address city province postal code  
 \_\_\_\_\_  
 primary identification type (see next page for examples) reference # place of issue expiry date  
 \_\_\_\_\_  
 secondary identification type reference # place of issue expiry date

Loan signatory – I have the authority to bind the corporation

**third loan signatory**

\_\_\_\_\_  
 last name first name middle name date of birth social ins # (optional)  
 \_\_\_\_\_  
 home address city province postal code  
 \_\_\_\_\_  
 primary identification type (see next page for examples) reference # place of issue expiry date  
 \_\_\_\_\_  
 secondary identification type reference # place of issue expiry date

Loan signatory – I have the authority to bind the corporation

**IDENTIFICATION REQUIRED:**

Two pieces of identification are required to verify the identity of loan signatories; one must be a primary piece. Acceptable primary identification includes: driver's license, passport, citizenship, Nexus, etc. Secondary ID includes major credit cards, provincial health card (not permitted in PEI, Manitoba, or Ontario), and birth certificate.

**VERIFICATION:**

I have personally verified and recorded, on behalf of Vancity, the identity(ies) of each individual(s) by physically examining each individual(s) original, valid identification as recorded above (in section C) and witnessed their signature.

X \_\_\_\_\_  
Signature of Lawyer/Notary  
\_\_\_\_\_ First and Last Name (Please Print)  
\_\_\_\_\_ Company  
\_\_\_\_\_ Address  
Date

**D. Execution in Counterpart**

This document may be executed in counterparts, each of which shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to be dated the date hereof.

**Notes:**

Please be aware that under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its Regulations, Vancity and VCIB is required to maintain current information within the About Your Business form. Accordingly, it will be necessary to complete a revised About Your Business form:

- When there has been a change in the beneficial ownership of the property securing your commercial mortgage;
- When there has been a change in one or more of the loan signatories for your commercial mortgage; and
- Every 5 years (even if the ownership and/or loan signatories have not changed).

Your commercial mortgage will be subject to annual review. You will be reminded at each annual review to provide an updated About Your Business form if there have been changes in the ownership or loan signatories.

We appreciate your assistance in meeting these requirements.



**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

**IMAGE OF DOCUMENT REGISTERED AS:**

**131062249**

**ORDER NUMBER: 38505452**

**ADVISORY**

**This electronic image is a reproduction of the original document registered at the Land Titles Office. Please compare the registration number on this coversheet with that on the attached document to ensure that you have received the correct document. Note that Land Titles Staff are not permitted to interpret the contents of this document.**

**Please contact the Land Titles Office at (780) 422-7874 if the image of the document is not legible.**

LAND TITLES ACT

MORTGAGE

MACLEOD PLACE LTD., having an office at c/o 400, 630 - 8<sup>th</sup> Ave. S.W., Calgary, Alberta, T2P 1G6 (hereinafter referred to as the "Mortgagor"), as general partner of MACLEOD PLACE LIMITED PARTNERSHIP, being registered as owner of an estate in fee simple in possession of that piece of land situated in the Province of Alberta described as follows:

PLAN 4269HS  
BLOCK 1  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS

(which together with the buildings, improvements and fixtures thereon and therein being referred to as the "Land" or "Lands");

IN CONSIDERATION of the sum of \$32,000,000.00 of lawful money of Canada, (the "Principal Sum") lent to MACLEOD PLACE LIMITED PARTNERSHIP and MACLEOD PLACE LTD. by CITIZENS BANK OF CANADA, a Canadian chartered bank having an office at 5<sup>th</sup> Floor, 183 Terminal Avenue, Vancouver, B.C., V6A 4G2 (hereinafter referred to as the "Mortgagee") the receipt of which sum the Mortgagor does hereby acknowledge, HEREBY COVENANTS WITH the Mortgagee as follows:

PAYMENTS

1. The Mortgagor will pay to the Mortgagee in lawful money of Canada, the Principal Sum lent to the Mortgagor as aforesaid and interest thereon at 3.80% per annum, calculated half-yearly not in advance, before maturity, both before and after default, and both before and after judgment on this mortgage (which interest rate calculated as aforesaid is sometimes hereinafter referred to as the "Mortgage Rate") as follows:
  - (a) interest at the Mortgage Rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and be paid on April 1, 2013 (hereinafter referred to as the "Date for Adjustment of Interest") on which date all accrued interest owing hereunder shall be paid; and
  - (b) thereafter the aforesaid sum together with interest thereon at the Mortgage Rate, computed from the Date for Adjustment of Interest, shall become due and be paid by monthly instalments of \$190,062.00 each (which include principal and interest) on the first day of each and every month in each and every year from and including May 1, 2013 to and including April 1, 2018 (the "Fixed Rate Term"). The said monthly instalments each when received are to be applied firstly to the interest calculated as aforesaid and the balance, if any, of the said monthly instalments shall be applied on the account of and in reduction of principal, provided however that if the Mortgagor is in default under any provision of this mortgage then during such period of default, the Mortgagee may apply such payments to interest, principal or any other moneys payable under this mortgage in whatever order or manner which the Mortgagee elects.
2. (a) In the event the Mortgagor does not repay the principal, interest and all other moneys owed upon maturity of the Fixed Rate Term which it shall have the right to do, and in the absence of formal renewal, the Mortgagor will pay to the Mortgagee in lawful money of Canada on demand the Principal Sum, or so much thereof as is outstanding at the time of demand, together with interest thereon at a variable rate per annum equal to 5% per annum above the prime rate (as hereinafter defined) of the Mortgagee in effect from time to time, calculated monthly not in advance as well after as before maturity, default and judgment, on the Principal Sum remaining unpaid from time to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment and after maturity and computed from the last day of the Fixed Rate Term, which interest shall become due and be paid in monthly instalments on the first day of each month

commencing the month next following the month in which the last day of the Fixed Rate Term occurs. The Mortgagee's prime rate means the annual rate of interest announced from time to time by the Mortgagee, Main Branch, Vancouver, British Columbia as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. A Certificate of a Vice-President of the said Bank shall be conclusive evidence of the said Bank's prime rate from time to time. In the event that the said Bank's prime rate is either increased or decreased from time to time while monies are owing by the Mortgagor hereunder, then the interest rate payable hereunder shall be increased or decreased accordingly. If for any reason the prime interest rate cannot be established for any period then such rate for such period shall be deemed to be the prime interest rate in effect immediately prior to such period of time.

- (b) If demand has not been previously made by the Mortgagee, the balance of the Principal Sum, if any, interest thereon and any other moneys payable hereunder shall be payable by the Mortgagor on the day which is 180 days from the last day of the Fixed Rate Term.

#### AMENDMENTS

3. In the event the monies advanced hereunder are not advanced by the contemplated date or the Date for Adjustment of Interest, if any, then the Mortgagee may, at its sole option, amend any or all of the date for adjustment of interest, the date of the first payment and the date of the final payment herein, by notice in writing to the Mortgagor and/or by way of an amending agreement which agreement the Mortgagor agrees to execute promptly and return to the Mortgagee's solicitor.

#### COMPOUND INTEREST

4. It is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in one month from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the said Lands.

#### RENEWALS

5. In the event that this mortgage shall be renewed or extended, such renewal or extension (and the rate of interest, term, instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, its successors in title and assigns, and all subsequent mortgages, encumbrances and other interests in or of the mortgaged premises (subsequent to this Mortgage and together hereinafter called "Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in this Mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at the Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor and his own client basis). In the event the within Mortgagor is a corporation, no such renewal or extension, even if made by a successor in title to the Mortgagor named herein and whether or not the Mortgagor shall consent thereto, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal or extension and shall apply to this Mortgage as renewed or extended.

PREPAYMENT

6. Provided that the Mortgagor is not in default under this mortgage, or under any other security, the Mortgagor shall have the right to prepay the loan at any time during the term, in whole or in part, upon payment to the Mortgagee of the greater of:
- (a) an additional 3 months of contract mortgage interest on the amount so prepaid; or
  - (b) a yield maintenance fee based upon the difference between the contract mortgage interest rate, and the appropriate Government of Canada bond or treasury bill yield for the remaining term, as calculated by the Mortgagee.

TAXES

7. Subject as hereinafter in this paragraph provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or premises thereon or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges and all taxes and levies made or assessed in lieu of real property taxes (hereinafter together referred to as "taxes") the Mortgagor shall provide the Mortgagee with a paid receipted tax bill by August 1, of each year, and in the event the Mortgagor should default in payment of same, the Mortgagee shall have the right to implement any of the following:
- (a) the Mortgagee may deduct from time to time, from advances of moneys under this mortgage, amounts sufficient to pay the taxes which have become due and payable or will have become due and payable and are unpaid from time to time as advances are made;
  - (b) the Mortgagor shall in each year during the currency hereof at the request of the Mortgagee pay to the Mortgagee in equal monthly instalments, such amounts as the Mortgagee may estimate as being the annual taxes next becoming due and payable, the said monthly instalments to be paid with and in addition to the monthly instalments of interest due and payable under this mortgage, and the Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes such additional sums as may be requisite to enable the Mortgagee to pay out of such monthly instalments and additional payments, the whole amount of the annual taxes on or before the due date thereof;
  - (c) notwithstanding the foregoing provisions, the Mortgagee may deduct from any advance or advances of the moneys secured by this mortgage, an amount or amounts, estimated by the Mortgagee, which together with the ensuing monthly payments by the Mortgagor to the Mortgagee on account of taxes as estimated by the Mortgagee, will be sufficient to fully pay and discharge such taxes as may be levied following the date that the first monthly instalment is due hereunder. If the taxes in respect of which such deduction is to be made are not yet due and payable when advances are made hereunder, the Mortgagee may estimate the amount of such taxes, which estimate shall be deemed to be the amount of such taxes for the purpose of such deduction. If the amount of taxes that are levied exceed the estimated amount, then such excess shall forthwith become due and payable by the Mortgagor to the Mortgagee in addition to the other payments herein provided to be made;
  - (d) notwithstanding the foregoing, where the period between the date that the first monthly instalment is due hereunder and the next following due date for taxes is less than one year, the Mortgagee may at its option and as an alternative to or in addition to deduction of tax payment moneys from advances, require the Mortgagor to pay (and the Mortgagor shall pay accordingly) to the Mortgagee in equal monthly instalments during such period and during the next succeeding twelve-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said succeeding twelve-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said

succeeding twelve-month period expires; and the Mortgagor shall also pay to the Mortgagee forthwith on demand the amount, if any, by which the actual taxes exceed such estimated amount;

- (e) so long as an Event of Default has not occurred, the Mortgagee shall apply such deduction and payments on the taxes as they become due, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly, nor to pay the same in advance of the due date for payment of the same. Provided however, that if (before any sum or sums so paid to the Mortgagee shall have been so applied) an Event of Default shall have occurred, the Mortgagee may, at its option, apply such sum or sums in or towards payment of the principal, interest and/or other amount in default;
- (f) in default of the payment by the Mortgagor of moneys for taxes as aforesaid, then the Mortgagee may pay such taxes. The Mortgagee may also pay any liens, charges and encumbrances which may be charged against the Land. All moneys expended by the Mortgagee for any of such purposes together with interest thereon at the Mortgage Rate shall be added to the Principal Sum hereby secured, and repaid by the Mortgagor to the Mortgagee forthwith, and until repaid shall be a charge on the Land;
- (g) if the Land or any part thereof becomes subject to sale or forfeiture for nonpayment of taxes while any sum remains unpaid under this mortgage, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the Mortgagor's name or on the Mortgagor's behalf, any and all sums necessary to be paid to redeem the Land so sold or forfeited, and to re-vest the Land in the Mortgagor, and the Mortgagor hereby nominates and appoints the Mortgagee agent of the Mortgagor to pay such moneys on the Mortgagor's behalf and in the Mortgagor's name, and any moneys so expended by the Mortgagee shall be repaid by the Mortgagor forthwith and until repaid shall be a charge on the Land, or in the alternative the Mortgagee shall have the right to bid on and purchase the Land at any tax sale of the same and shall thereupon become the absolute owner thereof;
- (h) the Mortgagor shall transmit to the Mortgagee all tax bills and other notices affecting the imposition of taxes forthwith after receipt of same by the Mortgagor, and the Mortgagor authorizes the Mortgagee to obtain any tax or assessment information concerning the Land directly from the municipal taxing authority having jurisdiction over the Land.

#### INSURANCE

- 8. (a) The Mortgagor will at the Mortgagor's expense, forthwith insure or cause to be insured, and during the continuance of this security keep insured in favour of the Mortgagee, each and every building on or which may hereafter be erected or placed on the Land, and all plate glass, equipment and machinery of the Mortgagor therein, thereon or used in connection therewith, and the contents thereof to the extent that they are the property of the Mortgagor (in this clause severally referred to as the "Mortgaged Premises") against such risks or perils as the Mortgagee may require or consider expedient, which may include without limitation, loss or damage by fire, wind-storm, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage and, to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam, any closed circulation hot water heating system, any pressure vessel system and any air conditioning system, by the escape of water from any sprinkler system or other piping within or operated upon the Land. All such insurance shall be with all risk coverage and replacement cost endorsements and in such amounts, all as the Mortgagee may reasonably require, to their full insurable value or sufficient to protect the Mortgagee and the Mortgagor from becoming co-insurers in respect of any loss, in each case with an insurance company or companies acceptable to the Mortgagee. The Mortgagor will not do or suffer anything whereby the said policy or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as the same become due. The Mortgagor also covenants that it will during the continuance of this security as required by the Mortgagee maintain general public liability and property damage insurance against claims for personal injury, death or

property damage occurring in or about the Mortgaged Premises, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require.

- (b) If any portion of the Land is now, or at any time during the term hereof rented or leased by the Mortgagor to any tenant or tenants, the Mortgagor shall, at the option of the Mortgagee, keep the Land insured in a form and wording satisfactory to the Mortgagee, against loss of rental income in an amount as the Mortgagee may from time to time require.
- (c) The Mortgagor shall put in place and provide the Mortgagee with evidence of such other types of insurance as may be reasonably required from time to time by the Mortgagee or as required under any commitment letter for the loan and such insurance shall be in a form and wording satisfactory to the Mortgagee.
- (d) All such contracts of insurance shall be carried with licensed insurers and shall, except for the general public liability and property damage insurance, show loss payable to the Mortgagee, as the Mortgagee's interest may appear, and shall have attached thereto and forming a part thereof a mortgage clause approved by the Mortgagee. The Mortgagor will forthwith deliver to the Mortgagee the policy or policies or certificate or certificates of insurance and, prior to their due date when requested by the Mortgagee, evidence proving payment of the premiums and renewal premiums therefore.
- (e) The Mortgagor will forthwith on the happening of any loss or damage, at its expense furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys. If the Mortgagor shall neglect to keep any of the Land or the Mortgaged Premises insured as aforesaid, or to deliver such policy or policies, certificate or certificates and evidence proving payment of premiums or renewal premiums when requested by the Mortgagee, or to produce to the Mortgagee at least ten days before the termination of such insurance evidence of the renewal thereof, the Mortgagee shall, without reference to the Mortgagor, be entitled (but shall not be obliged) to insure the Land, or any part thereof, and for such amount or amounts as the Mortgagee may from time to time deem expedient, and the amount of any premiums paid by the Mortgagee shall bear interest at the Mortgage Rate and until repaid, shall be added to the amount hereby secured and be a charge upon the Land.
- (f) If any cheque issued by an insurer in complete or partial settlement of an insurance claim pursuant to the coverages above other than the coverage for general public liability insurance is given, sent or delivered to the Mortgagor or the solicitor or agent of the Mortgagor, then the Mortgagor shall cause such cheque to be delivered to the Mortgagee forthwith and if any such cheque is made payable to the Mortgagor alone or jointly to the Mortgagor and another or others, then the Mortgagor shall forthwith endorse and deliver such cheque over to the Mortgagee, and the Mortgagor does hereby constitute the Mortgagee as the Mortgagor's true and lawful attorney to receive and endorse any such cheque for and on behalf of the Mortgagor.
- (g) All moneys received by virtue of such policy or policies of insurance may at the option of the Mortgagee either be applied forthwith in or towards substantially rebuilding, reinstating or repairing the improvements on the Land or in or towards the payment of principal and interest or other moneys secured by this mortgage (whether or not the same are then due) in such manner as the Mortgagee shall from time to time determine, or may be paid in full or in part to the Mortgagor or its successors-in-title or its assigns, or may be applied or paid partly in one way and partly in another, as the Mortgagee may determine.

#### **PAYMENT METHOD**

9. The Mortgagor shall from time to time as required, provide a signed pre-authorized withdrawal form /or forms directed to the bank or financial institution at which the Mortgagor regularly keeps a chequing account, in such form and manner so as to enable the Mortgagee to receive payments of the monthly instalments payable hereunder and/or the Mortgagee's estimate of the monthly instalment for property taxes due hereunder, from the Mortgagor's account with such bank or financial institution. In the

alternative, the Mortgagee may at its exclusive option and from time to time, require the Mortgagor to (and if so required the Mortgagor shall) provide the Mortgagee with a series of twelve post-dated cheques each to cover such monthly instalments, payable at par at any office of the Mortgagee in Alberta designated for payment, to cover such monthly payments for any consecutive twelve month period during the term hereof. Any payments received by the Mortgagee which are payable on a non-judicial day on or after receipt thereof, shall be credited to the mortgage account on the next judicial day thereafter.

### CONSTRUCTION

10. The Mortgagor agrees with the Mortgagee that:
- (a) the building or buildings being erected or to be erected on the Land form part of the security for the full amount of the moneys secured by this mortgage;
  - (b) all advances on this mortgage are to be made from time to time in the future in accordance with the progress of construction of such building or buildings or upon its or their completion and occupation;
  - (c) the Mortgagor will construct the building, buildings, and other improvements on the Land in accordance with plans and specifications which have been or which may hereafter be approved by the Mortgagee, in accordance with applicable building codes, in accordance with the Mortgagee's construction standards, and will carry on diligently to completion the construction of the said building, buildings, and other improvements, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations and will, when so required by the Mortgagee, supply the Mortgagee with evidence or confirmation from any such municipal or governmental authority of such compliance;
  - (d) in the event that any such building, buildings and other improvements now or hereafter in the course of construction remain unfinished and without any work being done for a period of ten consecutive days, the Mortgagee may enter the Land and do all work necessary to protect the same from deterioration and to complete the construction in such manner as the Mortgagee may deem expedient and through such contractors, sub-contractors, or agents as the Mortgagee in its sole discretion may choose, and any moneys expended by the Mortgagee pursuant to this subclause shall be a charge on the Land and bear interest at the Mortgage Rate and shall be deemed to constitute part of the mortgage moneys. No such entry or occupation by the Mortgagee shall constitute or be deemed to make the Mortgagee a mortgagee in possession;
  - (e) the Mortgagee shall be entitled, at the expense of the Mortgagor, to inspect all aspects of the construction and make tests of materials, and the Mortgagor will not cover any portion of the construction work requiring inspection by the Mortgagee until the Mortgagee has inspected the same, and the Mortgagor shall forthwith remedy and carry out again any work which does not conform to the Mortgagee's reasonable requirements;
  - (f) the Mortgagee shall not be obliged to hold back loan proceeds to provide the lien fund or other protection to the Mortgagor under the *Builders' Lien Act* (Alberta); provided that if the Mortgagee holds back loan proceeds in a manner similar to the way the said Act provides for an owner to make holdbacks then, notwithstanding such holdbacks by the Mortgagee, such holdbacks shall not constitute the lien fund under the said Act and the Mortgagee shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

### CONDOMINIUM

11. In the event the Land is or becomes a Condominium within the *Condominium Property Act* (Alberta), the Mortgagor further covenants with the Mortgagee that:

- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act* (Alberta), its regulations and the bylaws, rules and regulations of the Condominium Corporation from time to time in force.
- (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the Condominium Corporation in respect of the unit charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee upon the occurrence of an Event of Default. Upon default under this paragraph and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may pay the Assessments, and any Assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the Land.
- (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the Condominium Corporation for certification of the amount and manner in which any Assessment is payable and the extent to which such Assessment has been paid.
- (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the Condominium Corporation:
  - (i) In all cases in which a Unanimous Resolution is required by the *Condominium Property Act* (Alberta), as amended, the Bylaws of the Condominium Corporation or any Agreement with the Condominium Corporation;
  - (ii) In all other cases other than as referred to in (i) of this clause, provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
- (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the Condominium Corporation it shall, if directed by the Mortgagee, vote in such manner as the Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.
- (f) If requested by the Mortgagee, at least five (5) days prior to each and every general meeting of the Condominium Corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the bylaws, rules and regulations of the Condominium Corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the Condominium Corporation as the Mortgagor may from time to time receive.
- (g) Upon the occurrence of an Event of Default and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any Assessment paid by it and such distraint shall not result in the Mortgagee being a Mortgagee in possession.

### INSPECTION

- 12. The Mortgagee, at such time or times as it may deem necessary, and without the concurrence of any other person, may send its inspector or agent to report upon the value, state and condition of the said Lands and



premises thereon, and make arrangements for the improving, repairing, finishing and putting in order of any building or improvements on the said Lands, and for leasing, collecting the rents of and managing generally the mortgaged property, and may expend money, for any and all the purposes aforesaid, as it may deem expedient, and all moneys expended, costs, charges and expenses, including allowance for the time and service of any officer or employee of the Mortgagee, or other person appointed for any of the above purposes, shall be forthwith payable to the Mortgagee and the Mortgagor hereby covenants to pay the same, and the same shall be added to and become part of the Principal Sum hereby secured and shall be a charge upon the said Lands, and shall until paid bear interest at the rate hereinbefore provided.

#### RESTRICTION ON TRANSFER

13. In the event that portions of the mortgage loan proceeds are to be advanced from time to time, the Mortgagor shall not convey, transfer, mortgage, alienate, or otherwise encumber the Land nor allow the Land to be encumbered, until the full amount of the mortgage loan proceeds hereby secured shall have been advanced or until such time as it is determined that no further mortgage loan proceeds will be advanced; and any such dealing with the Land shall be deemed a breach of covenant unless and until the Mortgagee has expressly consented thereto.

#### ADVANCES

14. Neither the execution nor the registration nor the acceptance of this mortgage, nor the advance of part of the money secured hereby, shall bind the Mortgagee to advance the said Principal Sum or any unadvanced portion thereof notwithstanding the provisions of the loan approval or commitment letter issued by the Mortgagee with respect to this mortgage, but nevertheless this mortgage shall take effect forthwith on the execution of these presents, and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates, and the amount of such advances then so made together with interest at the Mortgage Rate shall be secured hereby.

#### SUBROGATION

15. In the event that the mortgage moneys advanced hereunder or any part thereof, are applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off, shall be final and binding on the Mortgagor.

#### WASTE

16. The Mortgagor will not commit any act of waste on the said Lands or premises thereon or do any other thing by which the value of the said Lands or premises shall in the opinion of the Mortgagee be diminished and will at all times remain in actual possession of the said Lands. The Mortgagor will take good and reasonable care of all buildings and/or structures and improvements now or hereafter from time to time erected on the said Lands and without cost and expense to the Mortgagee manage, operate, maintain and keep or cause the same to be kept in good order, repair and condition throughout, both exterior and interior, structural or otherwise, and promptly make all required or necessary repairs and replacements thereto, including without limitation, the roof, walls, foundations and appurtenances, pipes and mains, and all other fixtures, machinery, facilities and equipment that belong to or are used in connection with the said Lands, all of the foregoing to the extent that a prudent owner would do. Notwithstanding the foregoing, the Mortgagor shall not be obligated to repair any damage caused by reasonable wear and tear which does not affect the use and enjoyment of the improvements beyond the extent to which they would ordinarily be repaired by a prudent owner. If, in the opinion of the Mortgagee, the said Lands are not at any time in proper state of repair, the Mortgagee may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a period of thirty (30) days and in the event of the Mortgagor not having complied or not being in the process of diligently complying with such requisition, the Mortgagee may authorize the making of such repairs or replacements by its agents, employees or

contractors and they may enter upon the said Lands for the purpose of doing such work with or without the Mortgagor's concurrence and the cost thereof shall be repaid to the Mortgagee by the Mortgagor and until paid shall be secured by this Mortgage, shall bear interest until paid at the said rate and shall (together with the said interest) be a charge upon the Lands.

#### FIXTURES

17. All erections, buildings, fences, improvements, machinery, plant, furnaces, boilers, electric light fixtures, plumbing and heating equipment, aeriels, incinerators, radiators and covers, fixed mirrors, fitted blinds and drapes, window screens, doors, storm windows and storm doors, shutters and awnings, floor coverings, air conditioning, ventilating, water heating equipment, partitions, elevators, and all component parts of any of the foregoing, fixed or otherwise now on or in or hereafter put on or in the said Lands or premises (and also in all cases where the buildings on the Lands hereby mortgaged are apartments rented in whole or in part all refrigeration equipment, gas and electric stoves, ovens, washers, dryers, garburators, garbage compactors, microwave ovens and dishwashers whether affixed or not) are and shall in addition to other fixtures thereon be and become fixtures and form part of the realty and of the security and are included in the expression "the Lands", and that the Mortgagor will not commit any act of waste thereon, and that the Mortgagor will at all times during the continuance of this security the same repair, maintain, restore, amend, keep, make good, finish, add to and put in order and in the event of any loss or damage thereto or destruction thereof the Mortgagee may give notice to the Mortgagor to repair, rebuild, or reinstate the same within a time to be determined by the Mortgagee and to be stated in such notice, and upon the Mortgagor failing so to repair, rebuild, or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the mortgage moneys shall at the option of the Mortgagee become immediately due and payable and that without any demand by the Mortgagee upon the Mortgagor, provided that the Mortgagee may (but shall not be obligated to) repair, rebuild or reinstate the Lands at the cost of the Mortgagor and charge all sums of money determined by the Mortgagee to be properly paid therefor to the mortgage account. This provision shall be in addition to any statutory covenants implied in this Mortgage.

#### ALTERATIONS

18. The Mortgagor shall not make or permit to be made (except in the ordinary course of business), any additions or alterations to the Land without the written consent of the Mortgagee; and the Mortgagor shall not use the Land nor permit the Land to be used, without the written consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee in the application for this mortgage.

#### PLACE OF PAYMENT

19. All moneys whether the Principal Sum, interest, or any other moneys payable to the Mortgagee under the terms of this mortgage shall be payable, in lawful money of Canada, to the Mortgagee at its address hereinbefore stated, or such other place as may be designated by the Mortgagee from time to time.

#### CROSS-DEFAULT

20. In the event the Mortgagee requires other agreements, documents, mortgages, chattel mortgages, assignments of rentals, assignments of leases or any other security (herein referred to collectively as "Such Other Securities") in connection with this mortgage loan or as a condition precedent to the advance of the loan proceeds or any portion thereof, then the Mortgagor shall provide the Mortgagee such of Such Other Securities as may be required by the Mortgagee in form and content satisfactory to the Mortgagee. The occurrence of an Event of Default hereunder shall constitute default under any of Such Other Securities as may have been granted to the Mortgagee, and default under any of Such Other Securities granted to the Mortgagee shall constitute default hereunder, and the Mortgagee may, upon default under any thereof pursue its remedies separately under each of Such Other Securities and this mortgage, or jointly all together, or jointly one with any other or others of Such Other Securities and this mortgage, without any of the rights and remedies of the Mortgagee not so pursued merging therewith or with any action or judgment with respect thereto.

**SUBSTITUTE MORTGAGE**

21. In the event that this mortgage is granted by the Mortgagor in replacement of or in substitution for another mortgage granted by the Mortgagor to the Mortgagee (the "earlier mortgage") with respect to the Land, then the Mortgagee shall be entitled (notwithstanding that the mortgage account numbers for the earlier mortgage and this mortgage are the same and notwithstanding that the Mortgagee does nothing more than note on its file that this mortgage is in replacement of or substitution for the earlier mortgage) to advance under this mortgage, by way of internal transfer of mortgage accounts, the amount owing under the earlier mortgage, and upon such internal transfer of mortgage accounts it shall be deemed that the amount thereby transferred as aforesaid, is advanced hereunder.

**RELEASE OF SECURITY**

22. The Mortgagee may at any time release any part or parts of the Land or any other security or any surety for payment of all or any part of the moneys herein secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the said moneys or any part thereof, either with or without any consideration therefor, without being accountable for the value of any such consideration or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Land or any other securities or covenants, it being specifically agreed that notwithstanding any such release, the Land, securities and covenants remaining unreleased shall stand charged with the whole of the moneys hereby secured, and no person shall have the right to require the mortgage moneys to be apportioned.

**WAIVER**

23. No extension of time, waiver, or other indulgence given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor, or any other person liable for payment of the moneys hereby secured.

**USE OF MONEY**

24. The Mortgagee shall not be charged with any moneys receivable or collectible out of the Land or otherwise, except those actually received; and all revenue of the Land received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the Land, or in payment of taxes or other charges against the Land, or applied on the mortgage account, and the Mortgagee may (at its option) retain such moneys received or collected, in suspense account and shall not be under any liability to pay interest on any sums in suspense account; and the Mortgagee shall not, by reason of the collection of any moneys receivable or collectible out of the Land, be deemed to be a mortgagee in possession.

**LIABILITY OF MORTGAGOR**

25. No sale or other dealings by the Mortgagor with the Land or any part thereof, shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the moneys hereby secured.

**ATTORNMEN**

26. For better securing the punctual payment of the said mortgage moneys, the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Land at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on such day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act of Canada* as amended, or shall take the benefit of any statute relating to bankruptcy or insolvent debtors, then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue hereof, shall render the Mortgagee a

mortgagee in possession or accountable for any moneys except those actually received. The Mortgagee may at any time after default hereunder enter upon the Land, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.

### RECORDS

27. If the Mortgagor derives income from the Land, the Mortgagor will maintain full and correct books and records showing in detail the earnings and expenses of the Land, and will permit the Mortgagee and its representatives to examine the said books and records and all supporting vouchers and data at any time and from time to time upon request by the Mortgagee, and at any time and from time to time will furnish the Mortgagee at its request within Thirty (30) days of such request, a statement showing in detail all such earnings and expenses since the last such statement, verified by statutory declaration of the Mortgagor, or the chief executive officer of the Mortgagor, if the Mortgagor is a corporation.

### ASSIGNMENT OF RENTS

28. If the Land or any portion thereof now or at any time hereafter produces rental revenue or is intended to produce rental revenue, then the Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all leases and tenancies, present and future, including guarantees thereof and/or (at the Mortgagee's sole option) all rents due or accruing due or at any time hereafter to become due under all leases or tenancies, present and future, now existing or at any time hereafter made in respect of the Land or any part thereof, to have and to hold unto the Mortgagee until all moneys owing and all obligations of the Mortgagor in respect of this mortgage have been fully paid and fulfilled, subject to the following terms and conditions:
- (a) upon the occurrence of an Event of Default, the Mortgagee shall be entitled to give notice to the tenants of the Land or any portion thereof to pay the rent to the Mortgagee and the Mortgagee may collect the rents and revenues thereof, and distrain in the name of the Mortgagor for the same;
  - (b) the Mortgagee may give good and sufficient receipts and discharges for rents received;
  - (c) the Mortgagee may apply the rentals collected by it towards arrears and maturing payments of interest and principal under this mortgage, then towards the payment of taxes, insurance, heating, repairs, renovations and upkeep and other expenses or carrying charges connected with the Lands;
  - (d) where any discretionary powers hereunder are vested in the Mortgagee or its agents, the same may be exercised by any officer, investment manager or manager of the Mortgagee, or its appointed agents, as the case may be;
  - (e) the Mortgagee shall under no circumstances become mortgagee in possession, or liable to account to the Mortgagor or credit the Mortgagor with any moneys on account of the mortgage except those which shall come into its hands, and the subject to all deductions and payments made out of the rentals received from the Land as herein provided;
  - (f) the Mortgagee may exercise the rights conferred upon it under this clause without the formal appointment of a receiver under other provisions of this mortgage and without the necessity of first commencing legal proceedings with respect to the Mortgagor's default giving rise to the Mortgagee's right to give notice to tenants under this clause;
  - (g) whenever any and all defaults under this mortgage have been cured after the exercise by the Mortgagee of its rights under this clause, the Mortgagor may resume collection of the rentals until a further Event of Default has occurred, whereupon the Mortgagee may re-exercise its rights hereunder, and thereafter at any time any Event of Default occurs;
  - (h) the Mortgagor shall not at any time during the existence of this mortgage assign, pledge or hypothecate any lease, leases, or tenancies, now or hereafter existing in respect of the Land or the rents or revenues due or to become due thereunder, or any part thereof, other than to the

Mortgagee; nor shall the Mortgagor grant any general assignment of book debts which would cover such rentals;

- (i) the Mortgagor shall not collect any rental in advance except as specifically provided in the leases;
- (j) neither the taking of this assignment nor anything done in pursuance hereof shall make the Mortgagee liable in any way, as landlord or otherwise, for the performance of any covenants, obligations and liabilities under the said leases or tenancies or any of them; and
- (k) the exercise of this clause or of any collateral security with respect to rentals shall not entitle the Mortgagor to redeem this mortgage.

#### **EVENT OF DEFAULT**

29. Any one or more of the following events shall constitute a default under the provisions of this Mortgage (an "Event of Default"), whether such Event of Default shall be voluntary or involuntary or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or other rule or regulation of any administrative or governmental authority:
- (a) the Mortgagor or any joint debtor fails to pay on the date upon which the same is due and payable any monies payable hereunder, under Such Other Securities or pursuant to the Commitment Letter (as hereinafter defined), including without limitation any principal or interest;
  - (b) the Mortgagor, any joint debtor or any covenantor as provided in the Commitment Letter (the "Covenantor") fails to perform or observe any of the terms and conditions contained in this mortgage, Such Other Securities or pursuant to the Commitment Letter (to the extent that the Mortgagor, any joint debtor or any Covenantor is a party to such security document or agreement);
  - (c) any representation or warranty contained in this mortgage, Such Other Securities, the Commitment Letter or in any other document or certificate furnished to the Mortgagee in connection herewith or therewith shall prove at any time to be materially incorrect as of the date made;
  - (d) a resolution is passed or an order is made for the dissolution, liquidation or winding-up of the Mortgagor, any joint debtor or any Covenantor or other cancellation or suspension of its incorporation or if a petition is filed for the winding-up of the Mortgagor, any joint debtor or any Covenantor;
  - (e) the Mortgagor, any joint debtor or any Covenantor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada), become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada) or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or makes a proposal or general assignment for the benefit of its creditors or otherwise acknowledges its insolvency;
  - (f) the Mortgagor, any joint debtor or any Covenantor is found to be insolvent or bankrupt by a court of competent jurisdiction or makes an authorized assignment or bulk sale of its assets or a compromise or arrangement for the benefit of its creditors, makes a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada), seeks relief under the *Companies Creditors Arrangement Act* (Canada), or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian or other person with similar powers over all or any substantial portion of its assets, files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditor's rights or consents to, or acquiesces in, the filing of such a petition; or if a petition in bankruptcy is filed or presented against the Mortgagor, any joint debtor or any Covenantor;

- (g) any proceedings with respect to the Mortgagor, any joint debtor or any Covenantor are commenced under the *Companies Creditors Arrangement Act* (Canada);
- (h) an encumbrancer takes possession of the property of the Mortgagor, any joint debtor or any Covenantor, or any distress or analogous process is levied upon the Mortgagor, any joint debtor or any Covenantor provided that this subclause shall not apply to any judgment, court order for the payment of money, execution, sequestration, extant or other process that is being contested in good faith if reserves deemed by the Mortgagee to be adequate therefor have been set aside with the Mortgagee or insurance coverage acceptable to the Mortgagee is held, as the case may be, and if there is no adverse effect on the Mortgagee's security position;
- (i) the Mortgagor, any joint debtor or any Covenantor shall permit any sum which has been admitted as due or which is not disputed to be due and which forms or is capable of forming a charge, lien, encumbrance or claim upon the Lands in priority to or *pari passu* with the charge or security interest created by this mortgage and Such Other Securities, to remain unpaid after proceedings have been taken to enforce the same as a charge, lien, encumbrance or claim;
- (j) the occurrence of a default under any other security or agreement made or assumed by the Mortgagor, any joint debtor or any Covenantor in favour of any person in connection with the Land or made or assumed by the Mortgagor, any joint debtor, or any Covenantor in favour of the Mortgagee whether or not such security or agreement is in connection with the Land;
- (k) the Mortgagor does not forthwith comply with any work order issued by a municipal or provincial authority; or
- (l) a receiver, receiver-manager or receiver and manager of the Mortgagor, any joint debtor or any Covenantor of any material part of its properties, assets or undertakings is appointed, or if a monitor is appointed in respect of the Mortgagor, any joint debtor or any Covenantor.

#### RECEIVER

30. Upon the occurrence of an Event of Default, the Mortgagee may at such time and from time to time and with or without entry into possession of the Land or any part thereof, appoint a receiver or a manager or a receiver and manager of the Land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor. Such appointment may be made at any time either before or after the Mortgagee shall have entered into or taken possession of the Land or any part thereof. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:
- (a) the statutory declaration of an officer of the Mortgagee as to default under the provisions of this mortgage, shall be conclusive evidence thereof;
  - (b) every such receiver shall be the irrevocable agent or attorney of the Mortgagor for the collection of all rents falling due in respect of the Land or any part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;
  - (c) every such receiver may, in the discretion of the Mortgagee and by writing under its corporate seal, be vested with all or any of the powers and discretions of the Mortgagee;
  - (d) the Mortgagee may from time to time, by such writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the rents from the Land or from the proceeds of the judicial sale of the Land;
  - (e) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent of the Mortgagee, and the Mortgagee

shall not in any way be responsible for any acts or omissions (including negligence, misconduct or misfeasance) on the part of any such receiver;

- (f) the appointment of every such receiver by the Mortgagee shall not incur to create any liability on the part of the Mortgagee to the receiver in any respect, and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Mortgagee a mortgagee in possession in respect of the Land or any part thereof;
- (g) every such receiver shall from time to time have the power to rent any portion of the Land which may become vacant, for such term and subject to such provisions as he may deem advisable or expedient, and in so doing every such receiver shall act as the attorney or agent of the Mortgagor and he shall have authority to execute under seal any lease of such portion of the Land in the name of and on behalf of the Mortgagor, and the Mortgagor undertakes to ratify and confirm whatever any such receiver may do in respect of the Land;
- (h) every such receiver shall have full power to complete any unfinished construction upon the Land with the intent that the Land and the buildings thereon when so completed shall be a complete structure as represented by the Mortgagor to the Mortgagee for the purpose of obtaining this Mortgage loan;
- (i) every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Land or any part thereof in the name of the Mortgagor for the purpose of securing the payment of rental from the Land or any part thereof;
- (j) no such receiver shall be liable to the Mortgagor to account for moneys or damages other than cash received by him in respect of the Land or any part thereof, and out of such cash so received every such receiver shall, subject to the approval of the Mortgagee, in the following order, pay:
  - (i) his remuneration aforesaid;
  - (ii) all payments including, without limitation, costs as between solicitor and his own client made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the Land or any part thereof;
  - (iii) interest, principal and other moneys which may from time to time, be or become charged upon the Land in priority to these presents, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Land or any part thereof;
  - (iv) to the Mortgagee, all interest due or falling due under these presents and the balance to be applied upon principal due and payable and secured by these presents;
  - (v) into a reserve account in the name of the receiver, an appropriate sum of money as a reserve fund for unusual, emergency or lump sum payments or expenses with respect to the Land; and
  - (vi) any surplus thereafter remaining in the hands of every such receiver after payments made as aforesaid, to the Mortgagor;
- (k) save as to claims for an accounting under subclause (j) of this clause, the Mortgagor hereby releases and discharges every such receiver from every claim of every nature which may arise or accrue to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by any such receiver under the provisions of this clause, unless such claim by the direct and proximate result of dishonesty or gross neglect;

- (l) the power of sale, foreclosure and any other remedies of the Mortgagee may be exercised either before, concurrent with, during, or after the appointment of any receiver hereunder.

**RIGHTS OF MORTGAGEE**

31. The Mortgagor further covenants and agrees with the Mortgagee that in the Event of Default being made in any of the covenants, agreements, provisos or stipulations expressed or implied herein:

- (a) the Mortgagee may, at the expense of the Mortgagor and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenants, agreements, provisos or stipulations;
- (b) the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrency of any person, enter upon the Land and may make such arrangements for completing the construction, repairing or putting in order of any buildings or other improvements on the Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Land as the Mortgagee may deem expedient; all reasonable costs, charges and expenses, including allowances for the time and services of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the Land and shall bear interest at the Mortgage Rate until paid;
- (c) the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Land, and a solicitor to examine and report upon the title to the same;
- (d) the Mortgagee or agent of the Mortgagee may enter into possession of the Land and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Land, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease;
- (e) it shall and may be lawful for and the Mortgagor does hereby grant full power, right and license to the Mortgagee to enter, seize and distrain upon the Land, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the Land or any part thereof, as much of the mortgage moneys as shall from time to time be or remain in arrears and unpaid, together with costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (f) the Mortgagee shall be entitled forthwith to take such proceedings to obtain repayment of the moneys and interest payable to the Mortgagee hereunder and to realize on its security under this mortgage by foreclosing the same or by whatever other action it may by law be entitled to do;
- (g) the Mortgagee shall be entitled to sell and dispose of the Land with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the Land; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this mortgage may be exercised; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Land hereunder, and the Mortgagee may sell, transfer and convey any part of the Land on such terms of credit, or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall in the opinion of the Mortgagee be most advantageous, and for such price as can reasonably be obtained therefor; and in the event of a sale on credit, or part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any moneys until the same shall be actually received in cash; and the sales may be made from time to time of any portion or portions of the Land to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make stipulations as to the title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper; and the Mortgagee may



buy in or rescind or vary any contract for sale of the Land and any resale thereof; and on any sale or release, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; and in case any sale held by the Mortgagee under and by virtue of the laws of the Province of Alberta under the power of sale herein contained should prove abortive the Mortgagee may take foreclosure proceedings in respect of the Land in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the moneys secured by this mortgage remaining due to the Mortgagee after realizing all the Land, then Mortgagor will pay to the Mortgagee on demand the amount of such deficiency with interest at the Mortgage Rate both before and after judgment; and in the exercise of any of the foregoing powers, the Mortgagor hereby appoints the Mortgagee the attorney of the Mortgagor for the purpose of making any agreements and assurances on behalf of the Mortgagor as the Mortgagee may deem necessary; and the proceeds of any sale hereunder shall be applied as above provided for or in payment of moneys payable under this mortgage and costs on a solicitor and his own client basis, the balance, if any, to be paid to the Mortgagor;

- (h) the whole of the mortgage moneys shall, at the option of the Mortgagee, become due and payable;
- (i) the Mortgagee may exercise each of the foregoing powers without notice to the Mortgagor.

#### **EXERCISE OF RIGHTS**

32. Notwithstanding any other provision in this Mortgage, the Mortgagee may demand repayment of all amounts owing hereunder and exercise all of its rights hereunder, including without limitation pursuant to paragraphs titled "Receiver" and "Rights of Mortgagee" if:
- (a) in the opinion of the Mortgagee, there has been a material adverse change associated with (i) the Lands, (ii) the financial status of the Mortgagor, or (iii) the financial status of any Covenantor; or
  - (b) the Mortgagor, any agent of the Mortgagor or any officers or director of the Mortgagor shall have made any material misrepresentation in connection with the loan or in the application for the loan.

#### **ATTORNEY**

33. As further assurance to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the Land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer or convey the Land in accordance with the provisions of this Mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the Land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

#### **JUDGMENT**

34. The taking of a judgment on any of the covenants or agreements herein contained shall not operate as a merger thereof or affect the Mortgagee's rights to interest at the Mortgage Rate and at the times herein provided. Further, any and all such judgments shall provide for interest thereon to be computed at the Mortgage Rate and in the same manner as herein provided until the judgment shall have been fully paid and satisfied and, without limiting the generality of the foregoing, the Mortgagee shall be entitled to receive interest at the Mortgage Rate on all moneys payable to the Mortgagee under this mortgage, after any judgment has been rendered with respect to this mortgage until such judgment is fully satisfied.

**EXPENSES**

35. All expenses, fees, charges or payments incurred, expended or paid by the Mortgagee (whether with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise) with respect to the following matters, that is to say:
- (a) all solicitors', inspectors', valuers' and surveyors' fees and expenses for drawing and registering this mortgage and for examining the Land and the title thereto, and for making or maintaining this mortgage a first charge (or subject only to the prior encumbrances acceptable to the Mortgagee);
  - (b) all sums which the Mortgagee may advance for insurance premiums, property taxes, or rates;
  - (c) any unpaid amount due to the Mortgagee for application fees or renewal fees;
  - (d) all sums which the Mortgagee may expend in payment of prior liens, charges, encumbrances or claims charged or to be charged against the Land or on this mortgage or against the Mortgagee in respect of this mortgage;
  - (e) all sums which the Mortgagee may expend in maintaining, repairing, restoring or completing the construction on the Land;
  - (f) the cost of inspecting, leasing, managing or improving the Land, including the price or value of any goods of any sort or description supplied for use on the Land;
  - (g) all sums paid to a receiver of the Land;
  - (h) the cost of exercising or enforcing or attempting to exercise or enforce any right, power, remedy or purpose hereunder provided or implied, and including an allowance for the time, work and expenses of the Mortgagee or any agent or employee of the Mortgagee, for any purpose provided for herein; and
  - (i) the Mortgagee's solicitors' costs as between solicitor and his own client incurred or paid by the Mortgagee as a result of any Event of Default or under any other security for this loan, or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of the Land, and generally in any other proceedings, matter or thing taken or done to protect or realize this security or any other security for this loan;

together with interest thereon at the Mortgage Rate, are deemed secured hereby and shall be or constitute a charge or charges against the Land, and all such moneys shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment except as herein otherwise provided, and all such sums together with interest thereon and all other moneys payable by the Mortgagor under this mortgage shall be deemed to constitute part of the mortgage moneys.

**COVENANTS**

36. The Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor:
- (a) has a good title to the Land;
  - (b) has the right to mortgage the Land;
  - (c) upon the occurrence of an Event of Default the Mortgagee shall have quiet possession of the Land, free from all encumbrances;
  - (d) will execute such further assurances of the Land as may be requisite;
  - (e) has done no act to encumber the Land.

**EXPROPRIATION**

37. The Mortgagor hereby assigns to the Mortgagee, that portion of any proceeds which may become due and payable to the Mortgagor by an expropriating authority upon an expropriation of the Land or the proceeds of any condemnation, eminent domain or like proceeding or the sale in lieu of or in reasonable anticipation thereof of the whole or any part of the Land, or any portion thereof, equal to the difference, if any, between all monies secured by this mortgage at the date of the expropriation and the compensation paid to the Mortgagee for the expropriation of its interest in the Land or any portion thereof, by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor is aware of the provisions of sections 49 and 52 of the *Expropriation Act*, and any amendments thereto, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and hereby agrees to pay to the Mortgagee the difference, if any, between all monies secured by the mortgage at the date of the expropriation and the compensation paid to the Mortgagee by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof, forthwith upon receipt of the said documentation by it and shall execute and deliver any further or additional documentation which the Mortgagee in its sole discretion deems necessary to effect the above assignment or which is requested by the expropriating authority. For the purposes of this clause, the "date of the expropriation" shall mean the date that the Mortgagor ceases to be the registered owner of Land, or any portion thereof, and the "expropriating authority" shall mean the Crown or any individual or entity empowered to acquire lands by expropriation. Notwithstanding anything to the contrary contained herein, if the Mortgagor or the Mortgagee receives a notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of the Mortgagee, the whole of the outstanding balance secured under this Mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired. If any or all of the Land is expropriated, it is agreed that the proceeds from any such expropriation shall be paid directly to the Mortgagee in priority to the claims of any other party. Service of a copy of this Mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Mortgagee, in accordance with the terms of the assignment contained herein.

**OTHER MORTGAGES, AGREEMENTS FOR SALE**

38. The Mortgagor hereby covenants to perform and observe and satisfy all the terms, covenants and conditions to be performed and observed by the Mortgagor under the terms of any other mortgages, agreements for sale or other charges (hereinafter called the "other mortgage") registered against the title to the Land. It is expressly agreed and understood by the Mortgagor that in the event of default by the Mortgagor under any of the terms of any other mortgage, then at the option of the Mortgagee the Mortgagor shall be deemed to be in default of the terms of this mortgage. The Mortgagee may at its option make any payment or cure any default under the other mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the Land and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have upon the occurrence of an Event of Default.

**SEVERABILITY**

39. In the event any clause or part of a clause herein is invalid and not enforceable for any reason, then such clause or part of a clause shall be severable from this mortgage and not affect the validity or enforceability of any other part of this mortgage.

**SUCCESSORS AND ASSIGNS**

40. When the context makes it possible, the word "Mortgagee" wherever it occurs in this mortgage, shall include the successors and assigns of the Mortgagee, and the word "Mortgagor" shall include heirs, executors, administrators, successors and assigns of the Mortgagor, and the word "person" shall include any body corporate or politic; and that words in the singular include the plural, and that words in plural

include the singular, and words importing the masculine gender include the feminine; and that if there is more than one entity comprising the Mortgagor all covenants herein contained and implied are to be construed as joint and several; and that heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied.

#### DISCHARGE

41. The Mortgagee shall have a reasonable time after payment of the mortgage moneys in full within which to prepare and execute a discharge of this mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.

#### LAW

42. This mortgage is made pursuant to the *Land Titles Act* (Alberta) and any amendments thereto.

#### CHARGE

43. For the better securing to the Mortgagee the repayment in the manner aforesaid of the Principal Sum and interest and other moneys hereby secured the Mortgagor does hereby mortgage and charge to the Mortgagee all of the Mortgagor's estate and interest in the Land. ✓

#### COMMITMENT LETTER

44. The parties agree that the accepted terms and conditions of the Commitment Letter dated February 27, 2013, as amended, from the Mortgagee to the Mortgagor, as amended from time to time (the "Commitment Letter"), shall survive funding of this loan and continue to be in full force and effect after said funding. Default by the Mortgagor of any of the terms or requirements contained in the Commitment Letter shall, at the option of the Mortgagee, constitute a default hereunder. In the event there is a direct conflict between the terms and conditions of this mortgage and the said Commitment Letter as amended, then the mortgage shall prevail to the extent necessary to resolve the conflict.

#### HAZARDOUS MATERIALS

45. (a) neither the Mortgagor nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any hazardous materials to be placed, held, located or disposed of on, under or at the lands and that its business and assets are operated in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials) and that no enforcement actions in respect thereof are threatened or pending.
- (b) the Mortgagor covenants and agrees that it will at all times during the continuance of this Mortgage, operate the Lands in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials) and shall permit the Mortgagee to conduct inspections and appraisals of all or any of its records, business and assets at any time or from time to time to ensure such compliance. The Mortgagor hereby indemnifies the Mortgagee, its officers, directors, employees, agents and shareholders (which indemnity shall survive the satisfaction, release or enforcement of this mortgage or any collateral security and the full repayment of the mortgage monies) and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever relating to the hazardous materials placed, held, located or disposed of on the lands, including without limitation:
- (i) costs of defending and/or counterclaiming or claiming against third parties in respect of any action or matter; and

- (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor, which at any time from time to time may be paid, incurred or asserted against, any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the lands or into or upon any lands, the atmosphere, any watercourse, body of water or wetland, of any hazardous materials; and
  - (iii) a reduction in the value of the mortgaged lands.
- (c) "Hazardous Material" means any radioactive material, any explosive, any substance that is detrimental to its use by animal, fish or plant, any substance which is declared to be hazardous or toxic under any, regulation or order now or hereafter enacted or promulgated by any Federal or Provincial statute or regulation passed pursuant thereto, governmental authority having jurisdiction over the Land or any other substance which is or may become hazardous, dangerous or toxic to persons or property.
- (d) In addition to the above the Mortgagor hereby warrants and agrees that,
- (i) the condition and use of the Lands is and will continue to be in compliance with all applicable environmental laws and standards; all necessary licenses and permits relating to the release of contaminants, production of dangerous materials and carrying on of hazardous activities have been obtained and are being complied with; there are no outstanding orders against the Mortgagor from any governmental agency responsible for protecting the environment.
  - (ii) the Lands are not being subjected to environmental damage or contamination and to the best of the Mortgagor's knowledge, the Lands incurred no such damage or contamination prior to the Mortgagor's control;
  - (iii) the Mortgagor will use its best efforts to use the property and conduct the business so as not to result in environmental damage, and will not engage in certain activities (such as storage of hazardous materials) and that use of the property will not change without the Mortgagee's approval;
  - (iv) the terms of any past credit arrangement have not been altered, cancelled or not renewed due to environmental risk considerations;
  - (v) all appropriate remedial action will be taken with respect to violations of environmental laws, and spills or other contaminations;
  - (vi) the Mortgagor will give notice to the Mortgagee of any contamination or any pending or threatened government enforcement action or civil suit arising out of alleged environmental damage;
  - (vii) the Mortgagor will permit the Mortgagee and its agents to enter onto the property at any time to conduct an environmental inspection and to permit the Mortgagee to take such action as it deems necessary to remedy any environmental damage or breach of law;
  - (viii) where the business is environmentally sensitive, the Mortgagor will permit the Mortgagee or its agents to perform an annual environmental audit;
  - (ix) the Mortgagor will provide copies of its own internal/external environmental audits to the Mortgagee;
  - (x) the Mortgagor will cause any other occupants or persons in control of the property to comply with the foregoing covenants;

- (xi) the Mortgagor will provide a senior officer's certificate as to environmental good standing at intervals determined by the Mortgagee, such certificate to confirm continuing compliance with covenants and truth of representations and warranties;
- (xii) the Mortgagor will defend and indemnify the Mortgagee, its directors, officers, employees and agents against all costs, etc., arising out of any environmental damage caused by the Mortgagor's activities or by contamination of or from the Lands;
- (xiii) if the Mortgagor fails to perform any of the foregoing covenants, the Mortgagee may do so and any money expended by the Mortgagee shall be paid by the Mortgagor out of any funds coming into the Mortgagee's possession in priority to the loan;
- (xiv) where the Land poses a very substantial environmental risk, the Mortgagor will maintain insurance against environmental liability in an amount and on terms satisfactory to the Mortgagee.

#### **DUE ON SALE**

46. The Principal Sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, immediately become due and payable in full without notice by nor demand from the Mortgagee if the Land or any part thereof or interest therein (whether beneficial or legal) is, without the prior consent in writing of the Mortgagee sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed of, or if the Mortgagor enters into an agreement to effect any of the foregoing whether by registered or unregistered instrument and whether for valuable or nominal consideration (and if the Mortgagor is a corporation, any change in control of the Mortgagor or any Covenantor shall constitute a default under this clause); provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part; and provided further that the acceptance by the Mortgagee of any instalment payment or other payment under this mortgage from any entity other than the Mortgagor shall not constitute a waiver by the Mortgagee of its rights under this clause, nor a consent by the Mortgagee of any such sale or disposal of the Land as above described; and provided further that if the Mortgagee gives its consent to any such sale or disposition as above described, it may do so upon such conditions as it may in its uncontrolled discretion decide upon including, without limiting the generality of the foregoing, the execution and delivery (by any intended transferee or successor in whole or in part of the Mortgagor's title to the Land) of an agreement in the Mortgagee's form whereby such transferee or successor assumes all covenants and obligations of the Mortgagor under this mortgage and all other security documents given by the Mortgagor with respect to this mortgage loan. The Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder and the non-payment of such assumption fee shall also be considered to be a default under this mortgage. A sale contemplated under a specific partial prepayment clause contained elsewhere herein shall not be subject to the terms hereof.

#### **SUBSEQUENT FINANCING**

47. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee mortgaged or similarly charged; provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part.

#### **INTEREST RATE**

48. It is the intent of the parties hereto that the Mortgage Rate not exceed the maximum interest rate permitted under the laws of Canada and of Alberta and if the Mortgage Rate to the Mortgagee would, but for this provision, exceed the aforesaid maximum interest rate, the Mortgage Rate to the Mortgagee shall be limited to the maximum interest rate permitted under the laws of Canada and Alberta and this mortgage shall

automatically be modified without the necessity of any further act or deed to give effect to the restriction on return set forth above.

**PROHIBITED BUSINESSES**

49. The Mortgagor agrees not to operate, nor allow any tenant to operate a business on the Lands that:
- (a) is sexually exploitive or that is inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
  - (b) are engaged in or associated with illegal activities.

**FINANCIAL STATEMENTS AND REPORTS**

50. The Mortgagor shall deliver to the Mortgagee the following:
- (a) annually, within 120 days of the Mortgagor's year end;
    - (i) for the Mortgagor and/or the beneficial owner (if any), accountant prepared financial statements, signed in the original; and
    - (ii) for each Covenantor, accountant prepared financial statements, where they are corporations and personal financial statements where they are individuals, each to be signed in the original; and
  - (b) such additional financial statements, information, plans and reports as and when requested by the Mortgagee.

**BENEFIT OF EASEMENTS**

51. As additional security for the indebtedness and other obligations secured hereunder and interest thereon and the due performance of the Mortgagor's obligations hereunder and under any collateral security the Mortgagor hereby assigns, transfers, mortgages, charges and sets over to and in favour of the Mortgagee as and by way of a specific assignment, mortgage and charge all of the right, title and interest of the Mortgagor in and with respect to any and all easements, restrictive covenants, rights of way, party wall agreements and encroachment agreements benefiting the Land (the "Agreements") and all of the benefit, power and advantage of the Mortgagor to be derived therefrom (including without limitation the benefit of any positive covenants) and otherwise to enforce the rights of the Mortgagor under the Agreements in the name of the Mortgagor. Nothing herein contained shall render the Mortgagee liable to any person for the fulfilment or non fulfilment of the obligations covered in any of the Agreements, including, but not limited to, the payment of any moneys thereunder or in respect thereto and the Mortgagor hereby indemnifies and agrees to save and hold harmless the Mortgagee from and against any and all claims, demands, actions, causes of action, losses, suits, damages and costs whatsoever arising directly or indirectly from or out of any of the Agreements. The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor shall not surrender, alter, amend or modify any of the Agreements or any of the terms or conditions thereof except with the prior written consent of the Mortgagee.

**GENERAL**

52. This mortgage shall be construed in accordance with the laws of the Province of Alberta.
53. The Mortgagor agrees with the Mortgagee as follows:
- (a) to comply with the terms and conditions of the Commitment Letter and this mortgage at all times;

- (b) to maintain adequate insurance coverage as outlined in the Commitment Letter as would other prudent owners of similar property, and satisfactory to the Mortgagee and its legal counsel;
- (c) to maintain the Land in a sound state of repair at all times as would other prudent owners of similar property;
- (d) to allow the Mortgagee and its appointees to have access to the property at all reasonable times; and
- (e) at the Mortgagee's request, to deliver or cause to be delivered to the Mortgagee promptly such information about the financial condition and operation with respect to the Land as the Mortgagee may request from time to time.

**ADVANCES**

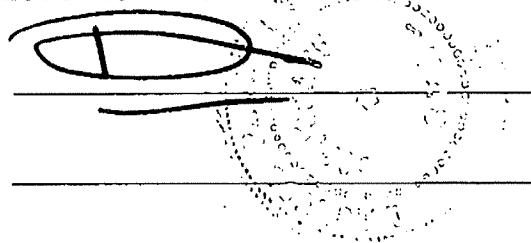
54. It is acknowledged and agreed that an advance hereunder is an advance under the personal property security agreement to be given in connection with this loan and vice versa.

IN WITNESS WHEREOF the Mortgagor has hereunto affixed its corporate seal attested to by the duly authorized officers in that behalf this 12 day of March, 2013.

MACLEOD PLACE LTD.

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

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







131062249

131062249 REGISTERED 2013 03 18  
MORT - MORTGAGE  
DOC 2 OF 3 DR#: A0271E8 ADR/CHADRIAG  
LINC/S: 0016675945

**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

**191109177**

**ORDER NUMBER: 38505452**

**ADVISORY**

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**EXTENSION AGREEMENT**

**CAVEAT FORBIDDING REGISTRATION**


TAKE NOTICE THAT VANCITY COMMUNITY INVESTMENT BANK claims a good and valid claim and charge under and by virtue of a Mortgage Extension and Amending Agreement between MACLEOD PLACE LTD. as Mortgagor and the Caveator as Mortgagee, a copy of which is attached hereto, against the hereinafter described lands:

**PLAN 4269HS  
BLOCK 1  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINE**

as more particularly described in the existing Certificates of Title standing in the register in the name(s) of MACLEOD PLACE LTD. and the Caveator forbids the registration of any person as transferee or owner of, or of any instrument affecting, the said estate or interest, unless the instrument or Certificate of Title, as the case may be, is expressed to be subject to the claim of the Caveator.

I APPOINT 401-815 West Hastings Street, Vancouver, B.C. V6A 4G2 as the place at which notices and proceedings relating hereto may be served.

DATED this 15 day of May, 2019.

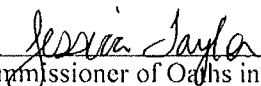
  
TERENCE G. LIDSTER  
(As solicitor and agent for the Caveator)

**AFFIDAVIT**

I, TERENCE G. LIDSTER, of the City of Calgary, in the Province of Alberta, Solicitor, make oath and say as follows:

1. I am the agent for the above-named Caveator.
2. I believe that the said Caveator has a good and valid claim upon the said land and I say that this Caveat is not being filed for the purpose of delaying or embarrassing any person interested in or proposing to deal therewith.

SWORN BEFORE ME at Calgary, in the )  
Province of Alberta, this 15 day of )  
May, 2019 )

  
A Commissioner of Oaths in and for Alberta )

  
TERENCE G. LIDSTER

**JESSICA MICHELE TAYLOR**  
A Commissioner for Oaths  
in and for the Province of Alberta  
My Appointment Expires April 25, 2020

**MORTGAGE EXTENSION AND AMENDING AGREEMENT**

**THIS AGREEMENT** dated effective June 1, 2019.

**BETWEEN:**

**MACLEOD PLACE LTD. and MACLEOD PLACE LIMITED  
PARTNERSHIP**

(hereafter individually and collectively called the "Borrower")

OF THE FIRST PART

- and -

**VANCITY COMMUNITY INVESTMENT BANK**

(hereafter called the "Mortgagee")

OF THE SECOND PART

**WHEREAS** by a Mortgage in writing dated March 12, 2013 (hereafter called the "Mortgage") **MACLEOD PLACE LTD.**, as general partner of **MACLEOD PLACE LIMITED PARTNERSHIP** mortgaged to the Mortgagee, or its predecessor, upon and in accordance with the terms and conditions therein prescribed, those lands legally described as:

**PLAN 4269HS**

**BLOCK 1**

**LOT 2**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "Lands");

**AND WHEREAS** the Mortgage was registered against the title to the Lands, as Instrument No. 131062249;

**AND WHEREAS** the Borrower granted a General Security Agreement dated March 12, 2013 to the Mortgagee or its predecessor;

**AND WHEREAS** **MACLEOD PLACE LTD.** is the present registered owner of the Lands and **MACLEOD PLACE LIMITED PARTNERSHIP** is the present beneficial owner thereof;

**AND WHEREAS** the Borrower and the Mortgagee have agreed to renew and amend the Mortgage and the General Security Agreement and are desirous of embodying and recording such agreements herein;

**NOW THEREFORE** in consideration of the covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confirmed, the Mortgagor and the Mortgagee covenant and agree as follows:

1. The Borrower and the Mortgagee covenant and agree that the Mortgage is renewed and amended and varied as follows:

- (a) the interest rate is changed from 3.80% per annum to 10.0% per annum calculated half-yearly not in advance;
- (b) the monthly instalments are changed from \$190,062.00 per month to \$191,790.00 per month with the first payment under the new amount due July 1, 2019;
- (c) the Fixed Rate Term end date is changed from April 1, 2018 to June 1, 2022;
- (d) clause 6 is amended to read as follows:

**“Prepayment**

6. This loan is closed for prepayment.”

- (e) the reference in clause 44 to the commitment letter is amended to also include reference to the renewal commitment letter dated April 1, 2019;
- (f) the following clause is added as clause 55 of the Mortgage:

**“Debt Service Coverage**

55. The Mortgagor agrees to maintain a debt service coverage of a minimum of 1.25 times at all times, such coverage to be tested annually based upon current rent roll and lease information. “Debt Service Coverage” is defined as the total annual Triple Net (NNN) Income from the leases with respect to the Lands less vacancy, structural and other expense allowances as determined by the Mortgagee divided by annual payments of principal plus interest payable on the Mortgagee’s loan.

The Mortgagor also agrees to maintain a debt service coverage of a minimum of 1.0 times to be in effect at all times, such coverage to be tested annually as noted above, calculated on the combined annual payments of principal and interest payable on Mortgagee’s first mortgage charge securing the loan and the second mortgage charge, if any.

The first review for Debt Service Coverages will be completed on June 1, 2020 and each year thereafter.

In the event the Debt Service Coverages are not met at the annual review, the Mortgagor agrees to provide a \$400,000.00 cash collateral reserve within 7 days of request by the Mortgagee. Release of the cash collateral reserve will be subject to meeting the minimum Debt Service Coverages at the next annual review as determined by the Mortgagee, or upon repayment in full of the loan.”

- 2. The Borrower and the Mortgagee covenant and agree the General Security Agreement is amended in clause 2.2 as follows:
  - (a) the interest rate is changed from 3.80% per annum to 10.0% per annum calculated half-yearly not in advance;
  - (b) the monthly instalments are changed from \$190,062.00 per month to \$191,790.00 per month with the first payment under the new amount due July 1, 2019;
  - (c) the Fixed Rate Term end date is changed from April 1, 2018 to June 1, 2022.

3. It is further understood and agreed by and between the parties hereto that any securities taken as additional and collateral security to the said Mortgage, including without limitation any personal property security agreements are also hereby amended to the extent necessary to give effect to this Agreement and the Mortgagor hereby assumes and agrees to observe, perform and be bound by the terms, conditions, covenants and provisions contained in the additional and collateral security as hereby amended. The Mortgagor hereby waives the right provided by the *Personal Property Security Act* to receive a copy of the financing statement or the verification statement within a certain period of time.
4. The parties hereto do further covenant and agree as follows:
  - (a) that neither this Agreement nor any prior extension or renewal of the Mortgage shall be or constitute an accord and satisfaction between the Mortgagor and the Mortgagee with respect to the indebtedness under the Mortgage and neither the Mortgage nor any collateral security (including without limitation any guarantee, assignment of rents and leases, or personal property security agreement) shall in any way be discharged, released, or prejudiced by this Agreement (or any prior extension or renewal) and shall in no way be affected by this Agreement (or any prior extension or renewal) save to the extent that the Mortgage is hereby expressly modified and that the Mortgage and any collateral security shall continue in full force and effect and shall secure all interest and other obligations of the Mortgagor under the Mortgage as modified hereunder as a charge upon the mortgaged lands;
  - (b) that the extension herein provided for shall not create or operate as a merger of or alter or prejudice the rights of the Mortgagee in respect of any security collateral to the Mortgage or as against the original mortgagor, any subsequent purchaser of the mortgaged lands, any guarantor or surety, any subsequent encumbrancer or any other person, firm or corporation not a party hereto who is liable to pay or holds subject to the mortgage indebtedness or is interested in the mortgaged lands;
  - (c) that notwithstanding that the original mortgagor, any subsequent purchaser of the mortgaged lands, or any other person, firm or corporation who is liable to pay the mortgage indebtedness may be released in any manner from liability for the mortgage indebtedness the obligations of the Mortgagor shall remain enforceable;
  - (d) that this Agreement and any prior extension or renewal are intended to be and shall operate as and constitute a mortgage extension agreement and not a novation of the Mortgage or a new mortgage;
  - (e) that the Mortgage shall be amended and shall read such that the terms of the Mortgage, including without limitation the terms of repayment of and the rate of interest payable under the Mortgage as hereby amended, may be varied, extended, increased or decreased, or otherwise amended as the Mortgagee and the then registered owner of the Lands may determine and agree in writing, from time to time and whether before, as at, or after the then maturity date of the Mortgage, as hereby amended; and all of the same without prejudice to the rights of the Mortgagee against either the Mortgagor or any other person, liable for the payment of the monies secured by the Mortgage, as hereby amended; further any alteration aforesaid may but need not be registered against the Lands and whether or not so registered, the Mortgage, as hereby amended, as so altered, shall rank in priority to any and all interests registered against the Lands subsequent to the registration of the Mortgage document as hereby amended, as if and to the extent that said alteration had been registered before the registration of any of said subsequent interests.

5. Repayment of this loan may only be made in the manner stipulated in this agreement with no further right of prepayment prior to the amended term end date. Notwithstanding anything to the contrary contained elsewhere, the Mortgagor acknowledges that the *Interest Act* (Canada) and certain provincial statutes permit the prepayment of mortgages in certain instances with three months further interest provided that five years have elapsed from the date of the mortgage and, in consideration of any extension of time for the payment of the outstanding balance of the Mortgage herein contained, the Mortgagor agrees that for the purpose of the said statutory right of prepayment only, the date of the Mortgage is deemed to be June 1, 2019.
6. The Borrower agrees to provide to the Mortgagee annually on a quarterly basis, a current tenant schedule and year to date in-house income and expense statements. The first quarterly reporting will be required on or before June 1, 2019 and each quarter thereafter.
7. The Mortgagor acknowledges, covenants and agrees that nothing herein contained shall alter or prejudice the rights of the Mortgagee as regards any collateral or additional security given by the Mortgagor to the Mortgagee or as regards any obligation to the Mortgagee by any person or persons other than the Mortgagor.
8. The Mortgagor shall ensure that all levied property taxes are paid, that there are no arrears under the Mortgage and provide to the Mortgagee any and all such postponements and other assurances as the Mortgagee may require to secure the same priority for this Agreement as is enjoyed by the Mortgage, and failing the aforesaid being done, the Mortgagee at its sole option may declare this Agreement to be null and void notwithstanding that this Agreement may have been registered or that payments may have been accepted under the terms set out herein.
9. The Mortgagor shall ensure that each guarantor of the Mortgage provides an acknowledgment that its guarantee is current, valid, binding, in full force and effect and extends to the terms and conditions of the Mortgage as herein renewed, amended, modified or varied. Failing the aforesaid being done, the Mortgagee at its sole option may declare this Agreement to be null and void notwithstanding that the Agreement may have been registered or that payments may have been accepted under the terms set out herein.
10. The Mortgagor shall pay all reasonable legal fees and disbursements of the solicitor for the Mortgagee in connection with the preparation of this agreement and the renewal and amendments resulting therefrom including, without limitation, the filing of any necessary financing statements at any time at Personal Property Registry and agrees that if same are paid by the Mortgagee such fees and disbursements together with interest thereon at the interest rate in the Mortgage are deemed secured by the Mortgage and shall be a charge on the Lands and shall be payable to the Mortgagee upon demand, or if not demanded then with the next ensuing instalment and all such sums together with interest thereon shall be deemed to constitute part of the mortgage moneys and included in the principal secured by the Mortgage.
11. That all grants, covenants, provisos and agreements, rights, powers, privileges and liabilities contained herein and in the Mortgage as amended shall be read and held as made by and with, granted to and imposed upon, the respective parties hereto, and their respective successors and assigns, the same as if the words heirs, executors, administrators, successors and assigns had been inscribed in all proper and necessary places; and wherever the singular or the masculine is used, the same shall be construed as meaning the plural or feminine or a body politic or corporate where the context or the parties hereto so require, and where a party is more than one person, all covenants shall be deemed to be joint and several.
12. For better securing to the Mortgagee the repayment in the manner provided in the Mortgage as amended hereby, the Mortgagor does hereby mortgage to the Mortgagee all the estate and interest of the Mortgagor in the Lands.

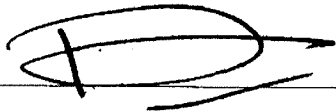
13. The Mortgagor hereby warrants that the Mortgagor has no right of set-off or any other claim or potential claim in law or in equity against the Mortgagee or any prior mortgagees with respect to the Mortgage or any security collateral thereto.
14. It shall not be necessary for the Mortgagee to execute a copy hereof, but the act of registration by the Mortgagee of a caveat claiming an interest pursuant hereto shall be the Mortgagee's acceptance of the terms hereof.
15. **The Borrowers acknowledge and agree that the extension and amendment contained herein are conditional upon the receipt by the Mortgagee of a principal lump sum payment of \$4,656,500.00 on or before June 1, 2019, or such later date as may be agreed to by the Mortgagee.**

IN WITNESS WHEREOF the Mortgagor has (parties have) caused this Agreement to be executed as of the day and year first above written by its (their) duly authorized officer(s) in that behalf.

MACLEOD PLACE LTD.

MACLEOD PLACE LIMITED  
PARTNERSHIP,  
by its general partner  
MACLEOD PLACE LTD.

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



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

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



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

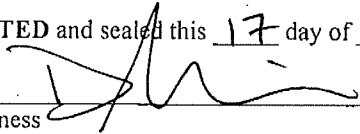


CONSENT OF GUARANTOR(S)

The undersigned Covenantor in the Covenantor Agreement and Environmental Indemnity Agreement each dated March 12, 2013, in consideration of the Mortgagee granting the extension as herein set out, hereby acknowledge(s) and agree(s) that the Covenantor Agreement and Environmental Indemnity Agreement each are currently valid, binding and in full force and effect, and shall extend to the terms and conditions of the loan as renewed, amended, modified or varied by the Mortgage Extension and Amending Agreement to which this consent is attached.

DATED and sealed this 17 day of May, 2019.

Witness

  
\_\_\_\_\_

  
\_\_\_\_\_

RIAZ MAMDANI



191109177

191109177 REGISTERED 2019 06 10  
CAVE - CAVEAT  
DOC 1 OF 4 DRR#: A0B1F60 ADR/PFLAROW  
LINC/S: 0016675945

1-4.

**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

**131062250**

ORDER NUMBER: 38505452

**ADVISORY**

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**CAVEAT FORBIDDING REGISTRATION**

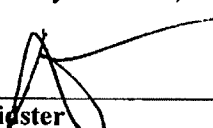
**TAKE NOTICE THAT CITIZENS BANK OF CANADA** claims a good and valid claim and charge under and by virtue of an Assignment of Rents and an Assignment of Leases between **MACLEOD PLACE LTD.** as Assignor and the Caveator as Assignee (copies of which is/are attached hereto) against the hereinafter described lands:

**PLAN 4269HS  
BLOCK 1  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

✓ as more particularly described in the existing Certificate of Title standing in the register in the name(s) of **MACLEOD PLACE LTD.** and the Caveator forbids the registration of any person as transferee or owner or of, any instrument affecting, the said estate or interest, unless the instrument or Certificate of Title, as the case may be, is expressed to be subject to the claim of the Caveator.

I **APPOINT** 5<sup>th</sup> Floor, 183 Terminal Avenue, Vancouver, B.C., V6A 4G2 as the place at which notices and proceedings relating hereto may be served.

**DATED** this 6<sup>th</sup> day of March, 2013.

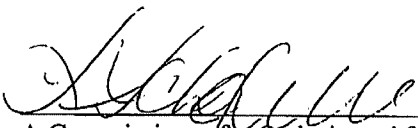
  
\_\_\_\_\_  
**Terence G. Lidster**  
(As Solicitor and agent for the Caveator)

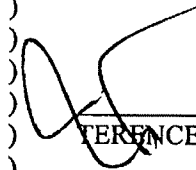
**AFFIDAVIT**

I, **TERENCE G. LIDSTER**, of the City of Calgary, in the Province of Alberta, Solicitor, make oath and say as follows:

1. I am the agent for the above-named Caveator.
2. I believe that the said Caveator has a good and valid claim upon the said land and I say that this Caveat is not being filed for the purpose of delaying or embarrassing any person interested in or proposing to deal therewith.

**SWORN BEFORE ME** at the City of )  
Calgary, in the Province of Alberta, this 6<sup>th</sup> )  
day of March, 2013. )

  
\_\_\_\_\_  
A Commissioner for Oaths in and for the  
Province of Alberta

  
\_\_\_\_\_  
**TERENCE G. LIDSTER**

**LAVA SCHOFIELD**  
Commissioner for Oaths in &  
for The Province of Alberta  
My Commission Expires July 16, 205.

**ASSIGNMENT OF RENTS**

THIS ASSIGNMENT made this 12 day of March, 2013.

**BETWEEN:**

**MACLEOD PLACE LTD. and MACLEOD PLACE LIMITED  
PARTNERSHIP**  
(hereinafter individually and collectively called the "Assignor")

OF THE FIRST PART

- and -

**CITIZENS BANK OF CANADA**  
(hereinafter called the "Assignee")

OF THE SECOND PART

**WHEREAS** by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN 4269HS  
BLOCK 1  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "lands")

to secure the sum of \$32,000,000.00 with interest as in the said Mortgage provided;

**AND WHEREAS** there may have been, or may be, constructed a building or buildings on the said lands (hereinafter individually or collectively called the "building");

**AND WHEREAS** the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses as to use or occupancy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Leases");

**AND WHEREAS** the Assignor has agreed to assign to the Assignee all rents payable and to become payable under the Leases and all other monies reserved and payable and to become payable under the said Leases and all benefit and advantage to be derived therefrom to the Assignee as additional and collateral security for the payment of the monies due and to become due under the said Mortgage.

**NOW THEREFORE THIS INDENTURE WITNESSETH** that in consideration of the premises and in consideration of the Assignee making any advance under the said Mortgage, the Assignor and Assignee covenant and agree as hereinafter stated and the Assignor does hereby absolutely assign to the Assignee all rents payable and to become payable under the said Leases, and all security deposits and

other monies reserved and payable and to become payable under or in respect of the said Leases, and all other benefit and advantage to be derived therefrom, and grants the Assignee the right, at its option, to demand and receive the same and to distrain for the same, at any time and from time to time and to apply amounts so received at its discretion on any amounts due and payable to the Assignee under the said Mortgage.

**PROVIDED HOWEVER** that the Assignor may collect such rentals and other benefits hereby assigned until default under the Mortgage or other collateral security, after which event such rentals and other benefits hereby assigned, if received by the Assignor, shall be received and held in trust for the Assignee. Once demand in writing is made by the Assignee upon the tenants, or upon such other holder of the tenants' estate and interest in the lands (which demand shall only be made in the event of default under the Mortgage), the rentals and other benefits hereby assigned shall be paid to the Assignee at a place to be designated in such demand. Demand may be made by service of a copy of this assignment personally or by delivery upon the aforesaid tenants, or upon such other holder of the aforesaid tenants' estate and interest in the lands and the parties so served are hereby authorized and directed to give full effect to this assignment and to pay all rentals accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such tenants' responsibility for such payment.

This assignment shall be effective only until such time as all monies due and owing under the said Mortgage have been fully paid and satisfied.

The said rents and other benefits hereby assigned to the Assignee are being taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

Nothing herein shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof, or for the performance of any covenant, term or condition, either by lessor or lessee, contained in any of the said Leases, and the Assignee shall not by virtue of this assignment or by any steps, actions, distress or other proceedings taken to enforce its rights hereunder be deemed to be a mortgagee in possession of the said lands.

Neither this assignment nor anything herein contained shall bind the Assignee to recognize any lease or agreement to lease the said lands or any part thereof nor in any way render the interest of the Assignee under the said Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under the said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease, agreement to lease or this assignment.

The Assignee shall be liable to account only for such monies as may actually come into its hands by virtue of this assignment, less proper collection charges, and such monies when so received by it shall be applied on account of the monies due under the said Mortgage to which this assignment is taken as additional and collateral security.

**AND THE ASSIGNOR** further covenants, warrants and agrees to and with the Assignee that no prepayment of rental in excess of that provided for in the Leases has been paid under the said Leases and that it will not demand or accept any rent reserved or payable under the said Leases in excess of that provided for in the Leases in advance unless the prior written consent of the Assignee (to be given at the sole and absolute discretion of the Assignee) is first obtained.

**THE ASSIGNOR** does hereby release and discharge any tenant of it from any liability whatsoever to it by reason of the payment of any amounts paid hereunder to the Assignee.

**THE ASSIGNOR** covenants, warrants and agrees to and with the Assignee that prior to the date hereof it has not made any assignment of rents or other monies payable under the said Leases, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage and that it will not hereafter assign or otherwise dispose of the aforesaid rents or other monies, or any part thereof, without the written consent of the Assignee first had and obtained.

**THE ASSIGNOR** covenants, warrants and agrees that it has not entered into and will not enter into any agreement with any tenant of the said lands or any part or parts thereof whereby the right of set-off shall or may arise between the Assignor and any tenant.

**THE ASSIGNOR** shall from time to time and at all times hereafter, at the request of the Assignee, execute and deliver at the expense of the Assignor, such further assurances for the better and more perfectly assigning to the Assignee the said Leases, rents and other monies and all renewals and extensions thereof as the Assignee shall reasonably require.

**IF THE ASSIGNOR** defaults or breaches in the observance or performance of any of the covenants and agreements herein, or in the said Leases, on its part to be observed and/or performed, then in such case the whole of the principal sum remaining due under the said Mortgage (and all interest and other monies payable thereunder) shall, at the option of the Assignee, forthwith become due and payable in like manner and with like consequences and effects to all intents and purposes whatsoever as if the time therein mentioned for payment of such principal money had fully come and expired.

**NO WAIVER** by the Assignee of any breach of any of the covenants and conditions in the said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

**THE ASSIGNOR** shall not dispose of the said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this assignment.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this Assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This assignment shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor which import the singular number shall be read and construed as applied to each and every Assignor male or female and to his or her heirs, executors, administrators and assigns and in the


case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

This assignment shall enure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns.


The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this Assignment of Rents constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

**IN WITNESS WHEREOF** this assignment has been duly executed and delivered as of the day and year first above written.

**MACLEOD PLACE LTD.**

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

**MACLEOD PLACE LIMITED  
PARTNERSHIP,  
by its general partner  
MACLEOD PLACE LTD.**

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



**ASSIGNMENT OF LEASÉS**

THIS ASSIGNMENT made this 12 day of March, 2013.

**BETWEEN:**

**MACLEOD PLACE LTD. and MACLEOD PLACE LIMITED  
PARTNERSHIP**  
(hereinafter individually and collectively called the "Assignor")

OF THE FIRST PART

- and -

**CITIZENS BANK OF CANADA**  
(hereinafter called the "Assignee")

OF THE SECOND PART

**WHEREAS** by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN 4269HS  
BLOCK 1  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "lands")

to secure the repayment of the sum of **\$32,000,000.00** with interest thereon as in the said Mortgage provided;

**AND WHEREAS** there may have been, or may be, constructed a building or buildings on the said lands (hereinafter collectively and individually called the "building");

**AND WHEREAS** the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses to use or occupy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Lease");

**AND WHEREAS** it is required as additional security for the payment of the monies secured and the performance of the covenants required by the said Mortgage that the Assignor assign to the Assignee said Lease and all the rents payable thereunder and all other benefit and advantage to be derived therefrom.

**NOW THEREFORE THIS INDENTURE WITNESSETH** that in consideration of the premises and of such advances as may from time to time be made by the Assignee under said Mortgage, the Assignor and the Assignee covenant and agree as hereinafter stated and **THE ASSIGNOR DOTH HEREBY ASSIGN, TRANSFER AND SET OVER UNTO THE ASSIGNEE** as collateral and additional security the said Lease and the rents payable thereunder and all other benefit and advantage to be derived therefrom, and also the full benefit of all powers and of all covenants and provisos contained

in the said Lease, with full power and authority to use the name of the Assignor, its successors or assigns, for enforcing the performance of said covenants and other matters and things contained in the said Lease.

The Assignee shall be liable to account for only such monies as are actually received by it by virtue of these presents less all proper costs of collection and the net amount of such monies as are actually received by the Assignee may in the sole discretion of the Assignee be applied on account of the monies due under said Mortgage or may be paid to the Assignor.

Nothing contained herein shall be deemed to have the effect of making the Assignee responsible for the collection of the rents or any part thereof payable pursuant to said Lease or for the observance or performance of any covenant, term or condition contained in said Lease (except as is specifically hereinafter stated) either by the Assignor or Lessee to be observed or performed.

The Assignee shall not solely by reason of these presents be deemed to be a mortgagee in possession of said lands or any part thereof.

Neither this agreement nor anything herein contained shall bind the Assignee to recognize said Lease or any lease or agreement to lease said lands or any part thereof nor in any way render the interest of the mortgagee under such Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease or agreement or this agreement.

The Assignee shall be entitled to exercise all of the rights and remedies of the Assignor reserved under and in the said Lease or by law for the collection of the rentals, and all necessary costs incurred by the Assignee in the exercising of the said rights and remedies shall be charged to the Assignor and be payable out of the rents received by the Assignee.

The Assignor shall, upon the request of the Assignee, execute and deliver at its expense, an assignment in this form of any and all other leases pertaining to the said lands which may hereafter be granted by the Assignor.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

The assignment herein, pending perfection by service on the tenants and the Assignee taking title to the lands, is made and taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

No waiver by the Assignee of any breach of any of the covenants and conditions in said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

Any direction or request by the Assignee to pay rent reserved to the Assignee shall be sufficient warrant and authority to the tenant to make such payment and the payment of rental to the Assignee shall be and operate as a discharge to the tenant in respect of the amount of rent so paid.

If the Assignor shall be in default in the observance or performance of any of the terms and conditions of this agreement or the said Lease then at the option of the Assignee all monies payable under the said Mortgage shall forthwith become due and payable and in default of payment the Assignee shall be entitled to exercise such remedies to realize its security under the said Mortgage as it may by law be entitled to do.

The Assignor will at any time during the currency of said Mortgage when requested by the Assignee so to do, insure and keep insured against loss resulting from rent abating following fire or other damage to the improvements on said lands or any part thereof and will pay all premiums and sums of money necessary for such purpose as the same shall become due and will assign and deliver over the Assignee the policy or policies of insurance and receipt and receipts thereto appertaining and if it shall neglect to so insure and keep the said insurance in force and to deliver the said policy or policies or receipts at the office of the Assignee at least five (5) days before the day on which premiums shall be payable then it shall be lawful for the Assignee to effect such insurance in the manner aforesaid and all money expended by the Assignee with interest at the rate in the said Mortgage provided computed from the time or times of payment of the same by the Assignee shall be paid by the Assignor to the Assignee on demand and in the meantime such payment with interest as aforesaid shall be secured by said Mortgage and shall be a charge upon said lands and all the Assignor's estate and interest therein. The Assignor shall forthwith on the happening of any loss resulting from rent abating as aforesaid furnish at its expense all necessary proofs and do all necessary acts and things to enable the Assignee to obtain payment of the insurance monies and all insurance monies received by the Assignee by virtue of any such policy or policies less all proper costs of collection thereof may at the option of the Assignee either be forthwith applied in whole or in part in reduction of the monies secured by said mortgage or be paid to the Assignor.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this Assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this Assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This agreement shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The Assignee may register or cause to be registered by Caveat against said lands notice of this agreement and the Assignor will not contest the validity of such caveat at any time during the currency of said Mortgage.

**THE ASSIGNOR FURTHER COVENANTS, AGREES, CERTIFIES AND WARRANTS TO AND WITH THE ASSIGNEE:**

1. That any presently existing leases, tenancies, agreements or licences to use or occupy are good, valid and subsisting agreements.
2. That the rent reserved by said Lease has not been and shall not be demanded, collected, accepted or paid in advance of the time for payment thereof or other than in the manner as set forth in said Lease.
3. That it will not, except in accordance with accepted real estate management practice, alter or modify the terms of said Lease or discharge or surrender the same or grant any concession thereunder or consent to an assignment or sub-lease, without the consent in writing of the Assignee first had and obtained.
4. That it has not entered into and will not enter into any agreement with the Tenant whereby the right of set-off shall or may arise between the Assignor and the Tenant.

- 5. That it will not dispose of said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this agreement.
- 6. That prior to the date hereof it has not made any assignment of rents or of the said Lease, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage, and that it will not hereafter assign or otherwise dispose of the rents or said Lease without first obtaining the written consent of the Assignee.

The assignment contained herein shall not become binding upon the Assignee with respect to any tenant unless service of a copy of this assignment (together with written advice that the Assignee is perfecting this assignment and intends to be bound to the tenant thereby), personally or by delivery has been made by the Assignee or its agents upon any tenant occupying any portion of the said lands or any building on the said lands and shall then operate as an absolute and unconditional assignment of the said Lease as between the Assignee and the tenant and such tenant is hereby authorized and directed to give full effect to this assignment and to, upon the request of the Assignee, pay all rentals then owing or accruing due subsequent to such request to the Assignee, whose receipt thereof shall constitute full discharge of such tenant's responsibility for such payment.


**AND IT IS FURTHER HEREBY AGREED** that the words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor or Assignee which import the singular number shall be read and construed as applied to each and every Assignor or Assignee male or female and to his or her executors, administrators and assigns and in the case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor or Assignee the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.


The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this assignment constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

**IN WITNESS WHEREOF** this assignment has been duly executed and delivered as of the day and year first above written.

**MACLEOD PLACE LTD.**

**MACLEOD PLACE LIMITED  
PARTNERSHIP,  
by its general partner  
MACLEOD PLACE LTD.**

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

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



131062250

131062250 REGISTERED 2013 03 18  
CAVE - CAVEAT  
DOC 3 OF 3 DRR#: A0271E8 ADR/CMADRIAG  
LINC/S: 0016675945

Search ID #: Z12217111

**Business Debtor Search For:**

MACLEOD PLACE LTD.

Search ID #: Z12217111

Date of Search: 2019-Dec-10

Time of Search: 12:51:34

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Registration Number: 13031125416

Registration Date: 2013-Mar-11

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2023-Mar-11 23:59:59

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Exact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

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**Amendments to Registration**

17080136301

Amendment

2017-Aug-01

19051769929

Renewal

2019-May-17

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**Debtor(s)**

**Block**

**Status**

1 MACLEOD PLACE LTD.  
400, 630 - 8TH AVE. S.W.  
CALGARY, AB T2P 1G6

Current

**Block**

**Status**

2 MACLEOD PLACE LIMITED PARTNERSHIP  
400, 630 - 8TH AVE. S.W.  
CALGARY, AB T2P 1G6

Current

**Secured Party / Parties**

**Block**

**Status**

1 CITIZENS BANK OF CANADA  
5TH FLOOR, 183 TERMINAL AVENUE  
VANCOUVER, BC V6A 4G2

Deleted by  
17080136301

**Block**

**Status**

2 VANCITY COMMUNITY INVESTMENT BANK  
5TH FLOOR, 183 TERMINAL AVE  
VANCOUVER, BC V6A 4G2

Current by  
17080136301

Search ID #: Z12217111

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	<p>All present and after acquired personal property now or hereafter situated on the lands described below (and any other legal descriptions by which such lands may be described whether by subdivision, condominiumization or otherwise) or which is now or at any time may be annexed to, comprised in, pertaining or relating to or used in connection with the lands and all accessions thereto and substitutions therefor; the debtor's interest in any present or hereafter acquired rents, book debts, security deposits and insurance proceeds relating to the lands; and proceeds.</p> <p>Lands:</p> <p>PLAN 4269HS BLOCK 1 LOT 2 EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>(5920 and 5940 Macleod Trails SW, Calgary)</p>	Current

**THIS GENERAL SECURITY AGREEMENT** dated for reference this 12 day of March, 2013.

**BETWEEN:**

**MACLEOD PLACE LTD. and MACLEOD PLACE LIMITED PARTNERSHIP**, each having an office at c/o 400, 630 - 8<sup>th</sup> Ave. S.W., Calgary, Alberta, T2P 1G6  
(individually and collectively the "Debtor")

**AND:**

**CITIZENS BANK OF CANADA**, a Canadian chartered bank, having an office at 5<sup>th</sup> Floor, 183 Terminal Avenue, Vancouver, B.C., V6A 4G2  
(the "Bank")

**1. SECURITY**

- 1.1 For value received, the Debtor grants and creates the security constituted by this General Security Agreement and agrees to the terms, covenants, agreements, conditions, provisos and other matters set out in this General Security Agreement.
- 1.2 As general and continuing security for the Obligations (as defined in clause 2.1 hereof), the Debtor hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest in all presently owned and hereafter acquired personal property of the Debtor of whatsoever nature and kind which are now or at any time hereafter situate on the Lands (as hereinafter defined) or which are now or at any time may be annexed to, comprised in, pertaining or relating to or used in connection with the Lands and all Proceeds thereof and therefrom, renewals thereof, Accessions thereto and substitutions therefor (all of which are herein collectively called the "Collateral"), including, without limiting the generality of the foregoing:
- (a) Inventory of whatsoever nature and kind;
  - (b) Equipment (other than Inventory) of whatsoever nature and kind and wheresoever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature and kind;
  - (c) book accounts and book debts and generally all Accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, letters of guarantee and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor (all of which are herein collectively called the "Debts");
  - (d) deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
  - (e) contractual rights, insurance claims, insurance proceeds and all goodwill, patents, trademarks, copyrights, and other industrial property;



- (f) all construction contracts of any nature for construction or supply of materials in connection with the construction of the buildings and facilities on the Lands whether those contracts exist as of the date hereof or at any time in the future;
- (g) all licenses in the possession, control or name of the Debtor now or at any time in the future with respect to all chattels which are required to be inspected, approved or licensed;
- (h) all of the necessary licenses and permits required for the construction of all buildings on the Lands and for the conduct and operation of the intended use of the Lands issued by any government, statutory or other authority having jurisdiction over same;
- (i) all conceptual drawings, architects and engineers drawings, technical specifications, building permit drawings, surveyors drawings, quantity specifications, and all similar items related to the construction of all buildings and facilities on the Lands;
- (j) all outstanding guarantees, warranties and indemnities obtained for the benefit of the Debtor relative to the Lands;
- (k) monies other than trust monies lawfully belonging to others; and
- (l) personal property described in any schedule now or hereafter annexed hereto.

1.3 In this General Security Agreement:

- (a) any reference to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof";
- (b) any reference to "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more corporations and, if more than one Debtor executes this General Security Agreement, this General Security Agreement shall apply and be binding upon each of them jointly and severally and all obligations hereunder shall be joint and several;
- (c) any reference to "General Security Agreement" shall, unless the context otherwise requires, be deemed a reference to this General Security Agreement as amended from time to time by written agreement together with the schedules hereto and any schedules added hereto pursuant to the provisions hereof;
- (d) any reference to "Lands" means those lands legally described as:

**PLAN 4269HS  
BLOCK 1  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

- (e) any reference to "PPSA" shall mean the *Personal Property Security Act* of the Province as amended from time to time, including any amendments thereto and any Act substituted therefor and amendments thereto;
- (f) any reference to the "Province" shall mean the Province of Alberta; and

(g) the terms "Accessions", "Accounts", "Chattel Paper", "Consumer Goods", "Documents of Title", "Equipment", "Goods", "Instruments", "Intangibles", "Inventory", "Licences", "Money", "Proceeds" and "Securities" (which latter term shall include all "Investment Property"), and other words and expressions which have been defined in the PPSA shall be interpreted in accordance with their respective meanings given in the PPSA unless otherwise defined herein or unless the context otherwise requires.

- 1.4. The Bank and the Debtor have not agreed to postpone the time for attachment of the security interest granted hereby and the Debtor and the Bank intend that the security interest granted hereby shall attach to presently owned or held Collateral forthwith upon execution of this General Security Agreement and shall attach to hereafter acquired Collateral forthwith upon acquisition of any right, title and interest of the Debtor in such Collateral.
- 1.5. The last 10 days of the term created by any lease or agreement therefor are hereby excepted out of the security constituted by this General Security Agreement but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Bank shall direct.

## 2. OBLIGATIONS SECURED AND PAYMENT PROMISE

- 2.1 The security constituted by this General Security Agreement is general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the Debtor to the Bank (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety, (all of which obligations, indebtedness and liabilities are herein collectively called the "Obligations").
- 2.2 The Debtor jointly and severally agrees to pay to the Secured Party in lawful money of Canada, the sum of \$32,000,000.00 and interest thereon at 3.80% per annum, calculated half-yearly not in advance, before maturity, both before and after default, and both before and after judgment as follows:
- (a) interest at the said rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and be paid on April 1, 2013 (hereinafter referred to as the "Date for Adjustment of Interest") on which date all accrued interest owing hereunder shall be paid; and
- (b) thereafter the aforesaid sum together with interest thereon at the said rate, computed from the Date for Adjustment of Interest, shall become due and be paid by monthly instalments of \$190,062.00 each (which include principal and interest) on the first day of each and every month in each and every year from and including May 1, 2013 to and including April 1, 2018 (the "Fixed Rate Term"). The said monthly instalments each when received are to be applied firstly to the interest calculated as aforesaid and the balance; if any, of the said monthly instalments shall be applied on the account of and in reduction of principal, provided however that if the Debtor is in default under any provision hereof or any other loan security then during such period of default, the Secured Party may apply such payments to interest, principal or any other moneys payable hereunder in whatever order or manner which the Secured Party elects.

- 2.3 (a) In the event the Debtor does not repay the principal sum, interest and all other moneys owed upon maturity of the Fixed Rate Term which it shall have the right to do, and in the absence of formal renewal, the Debtor will pay to the Secured Party in lawful money of Canada on demand the principal sum, or so much thereof as is outstanding at the time of demand, together with interest thereon at a variable rate per annum equal to 5% per annum above the prime rate (as hereinafter defined) of the Secured Party in effect from time to time, calculated monthly not in advance as well after as before maturity, default and judgment, on the principal sum remaining unpaid from time to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment and after maturity and computed from the last day of the Fixed Rate Term, which interest shall become due and be paid in monthly instalments on the first day of each month commencing the month next following the month in which the last day of the Fixed Rate Term occurs. The Secured Party's prime rate means the annual rate of interest announced from time to time by the Secured Party, Main Branch, Vancouver, British Columbia as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. A Certificate of a Vice President of the said Bank shall be conclusive evidence of the said Bank's prime rate from time to time. In the event that the said Bank's prime rate is either increased or decreased from time to time while monies are owing by the Debtor hereunder, then the interest rate payable hereunder shall be increased or decreased accordingly. If for any reason the prime interest rate cannot be established for any period then such rate for such period shall be deemed to be the prime interest rate in effect immediately prior to such period of time.
- (b) If demand has not been previously made by the Secured Party, the balance of the principal sum, if any, interest thereon and any other moneys payable hereunder shall be payable by the Debtor on the day which is 180 days from the last day of the Fixed Rate Term.
- 2.4 It is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the applicable rate aforesaid, and in case the interest and compound interest are not paid in one month from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be secured hereby.
- 3. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR**
- 3.1 The Debtor represents and warrants that, and, so long as this General Security Agreement remains in effect, the Debtor shall be deemed to continuously represent and warrant that:
- (a) this General Security Agreement has been authorized, executed and delivered in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor and all other matters and things have been done and performed so as to authorize and make the execution and delivery of this General Security Agreement, the creation of the security constituted hereby and the performance of the Debtor's obligations hereunder, legal, valid and binding;

- (b) the Collateral is genuine and is owned by the Debtor free of all security interests, mortgages, liens, claims, charges and other encumbrances (herein collectively called "Encumbrances"); save for the security constituted by this General Security Agreement, those Encumbrances shown on the Encumbrance Schedule and those Encumbrances approved in writing by the Bank;
- (c) the Debtor has good and lawful authority to create the security in the Collateral constituted by this General Security Agreement;
- (d) each Debt, Chattel Paper and Instrument included in Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by the Debtor to the Bank from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defense, set off, claim or counterclaim against the Debtor which can be asserted against the Bank, whether in any proceeding to enforce the Collateral or otherwise; and
- (e) with respect to Goods (including Inventory) comprised in the Collateral, the locations specified in the Location Schedule are accurate and complete (save for Goods in transit to such locations and Inventory on lease or consignment) and all fixtures or Goods about to become fixtures which form part of the Collateral will be situate at one of the locations specified in the Location Schedule.

#### 4. COVENANTS OF THE DEBTOR

4.1 The Debtor covenants and agrees that at all times while this General Security Agreement remains in effect the Debtor will:

- (a) defend the Collateral for the benefit of the Bank against the claims and demands of all other persons;
- (b) not, without the prior written consent of the Bank:
  - (i) create or permit to exist any Encumbrance against any of the Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement, save for:
    1. those Encumbrances shown in the Encumbrance Schedule; and
    2. Encumbrances approved in writing by the Bank prior to creation or assumption; or
  - (ii) grant, sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral;

provided always, that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease Inventory and, subject to clause 5.2 hereof, use monies available to the Debtor;

- (c) fully and effectively maintain and keep maintained valid and effective the security constituted by this General Security Agreement;
- (d) notify the Bank promptly of:
  - (i) any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's name, the Debtor's business or the Collateral;
  - (ii) the details of any significant acquisition of Collateral;
  - (iii) the details of any claims or litigation affecting the Debtor or the Collateral;
  - (iv) any loss or damage to the Collateral;
  - (v) any default by any Account Debtor in payment or other performance of obligations of the Account Debtor comprised in the Collateral; and
  - (vi) the return to, or repossession by, the Debtor of Collateral;
- (e) keep the Collateral in good order, condition and repair (in the locations specified in the Location Schedule or such other locations as the Bank may approve in writing) and not use the Collateral in violation of the provisions of this General Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (f) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral and, at the Bank's request, mark any and all such records and the Collateral so as to indicate the security constituted by this General Security Agreement;
- (g) forthwith pay:
  - (i) all obligations to its employees and all obligations to others which relate to its employees when due, including, without limitation, all taxes, duties, levies, government fees, claims and dues related to its employees;
  - (ii) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Bank may require; and
  - (iii) all Encumbrances which rank or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement, other than the Encumbrances, if any, shown in the Encumbrance Schedule hereto and those approved in writing by the Bank;
- (h) prevent the Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an Accession to other property not covered by this General Security Agreement;

- (i) insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Bank shall reasonably direct (but in any event in accordance with prudent business practice and for not less than the full replacement cost thereof) with loss payable to the Bank and the Debtor, as insureds, as their respective interests may appear, and to pay all premiums for such insurance;
- (j) deliver to the Bank from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, Securities and Chattel Paper comprised in or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
  - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (iv) all policies and certificates of insurance relating to the Collateral; and
  - (v) such information concerning the Collateral, the Debtor and Debtor's business and affairs as the Bank may reasonably require;
- (k) forthwith pay all costs, charges, expenses and legal fees and disbursements (on an indemnity basis) which may be incurred by the Bank in:
  - (i) inspecting the Collateral;
  - (ii) negotiating, preparing, perfecting and registering this General Security Agreement and other documents, whether or not relating to this General Security Agreement;
  - (iii) investigating title to the Collateral;
  - (iv) taking, recovering, keeping possession of and insuring the Collateral;
  - (v) connection with any disclosure requirements under the PPSA; and
  - (vi) all other actions and proceedings taken in connection with the preservation of the Collateral and the confirmation, perfection and enforcement of this General Security Agreement and of any other security held by the Bank as security for the Obligations;
- (l) at the Bank's request at any time and from time to time execute and deliver such further and other documents and instruments and do all other acts and things as the Bank reasonably requires in order to give effect to this General Security Agreement or to confirm and perfect, and maintain perfection of, the security constituted by this General Security Agreement in favour of the Bank; and
- (m) permit the Bank and its representatives, at all reasonable times, access to all the Debtor's property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection.

## 5. PAYMENTS AND PROCEEDS

- 5.1 Before or after default under this General Security Agreement, the Bank may notify all or any Account Debtors of the security constituted by this General Security Agreement and may also direct such Account Debtors to make all payments on the Collateral to the Bank.
- 5.2 The Debtor acknowledges that any payments on or other proceeds of the Collateral received by the Debtor from Account Debtors, whether before or after notification of the security constituted by this General Security Agreement to Account Debtors and whether before or after default under this General Security Agreement, shall be received and held by the Debtor in trust for the Bank and shall be turned over to the Bank forthwith upon request.

## 6. BANK ACTIONS

- 6.1 The Debtor hereby authorizes the Bank to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying the Collateral or any permitted Encumbrances affecting the Collateral or identifying the locations at which the Debtor's business is carried on and the Collateral and records relating thereto are situate) as the Bank may deem appropriate to perfect and continue the security constituted hereby, to protect and preserve the Collateral and to realize upon the security constituted hereby and the Debtor hereby irrevocably constitutes and appoints the Bank the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient by the Bank.
- 6.2 The Bank may charge for its reasonable costs incurred in connection with any disclosure requirements under the PPSA.
- 6.3 If the Debtor fails to perform any of its Obligations hereunder, the Bank may, but shall not be obliged to, perform any or all of such Obligations without prejudice to any other rights and remedies of the Bank hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on an indemnity basis) incurred in connection therewith shall be payable by the Debtor to the Bank forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall form part of the Obligations and constitute a charge upon the Collateral in favour of the Bank prior to all claims subsequent to this General Security Agreement.

## 7. DEFAULT

- 7.1 The Debtor shall be in default under this General Security Agreement, unless otherwise agreed in writing by the Bank, upon the occurrence of any of the following events:
- (a) the Debtor makes default in payment when due of any of the Obligations which are indebtedness or liabilities or the Debtor fails to perform or satisfy any other of the Obligations; or
  - (b) the Debtor is in breach of any term, condition, proviso, agreement or covenant to the Bank, or any representation or warranty given by the Debtor to the Bank is untrue, whether or not any such term, condition, proviso, agreement or covenant, representation or warranty is contained in this General Security Agreement; or

- (c) the Debtor makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) there is instituted by or against the Debtor any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding-up of affairs of, the Debtor; or
- (e) the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy; or
- (f) a receiver, receiver and manager or receiver-manager of all or any part of the Collateral or of any other property, assets or undertakings of the Debtor is appointed; or
- (g) any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or a distress or analogous process is levied upon the Collateral or any part thereof; or
- (h) an order is made or an effective resolution is passed for winding-up the Debtor; or
- (i) without the prior written consent of the Bank, the Debtor creates or permits to exist any Encumbrance against any of the Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement; or
- (j) the holder of any Encumbrance against any of the Collateral does anything to enforce or realize on such Encumbrance; or
- (k) the Debtor enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or
- (l) the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy; or
- (m) any certificate, statement, representation, warranty or audit report herewith, heretofore or hereafter furnished by or on behalf of the Debtor to the Bank, whether in connection with this General Security Agreement or otherwise, and whether furnished as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Debtor or not:
  - (i) proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified; or
  - (ii) proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor;

or, upon the date of execution of this General Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, statement, representation, warranty or audit report, which change shall not have been disclosed to the Bank at or prior to the time of such execution.



## 8. ENFORCEMENT

- 8.1 The Bank may make demand for payment at any time of any or all of the Obligations which are payable upon demand (whether or not there is any default under this General Security Agreement) and, upon any default under this General Security Agreement, the Bank may declare any or all of the Obligations which are not payable on demand to become immediately due and payable.
- 8.2 Upon default under this General Security Agreement, the security hereby constituted will, at the option of the Bank, immediately become enforceable.
- 8.3 To enforce and realize on the security constituted by this General Security Agreement, the Bank may take any action permitted by law or in equity, as it may deem expedient, and in particular, without limiting the generality of the foregoing, the Bank may do any one or more of the following:
- (a) appoint by instrument a receiver, receiver and manager or receiver-manager (the person so appointed is herein called the "Receiver") of the Collateral, with or without bond as the Bank may determine, and from time to time in its sole discretion remove such Receiver and appoint another in its stead;
  - (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;
  - (c) preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Bank may deem advisable;
  - (d) sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Bank may seem reasonable, provided that the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and
  - (e) exercise all of the rights and remedies of a secured party under the PPSA.
- 8.4 A Receiver appointed pursuant to this General Security Agreement shall be the agent of the Debtor and not of the Bank and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Bank hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security on any of the Collateral, any such security may rank in priority to or pari passu with or behind the security constituted by this General Security Agreement, and if it does not so specify such security shall rank in priority to the security constituted by this General Security Agreement.
- 8.5 Any costs, charges and expenses (including legal fees and disbursements on an indemnity basis) incurred by the Bank in connection with or incidental to:

- (a) the exercise by the Bank of all or any of the powers granted to it pursuant to this General Security Agreement; and
- (b) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted by the Receiver pursuant to this General Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;

shall be payable by the Debtor to the Bank forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall form part of the Obligations and constitute a charge upon the Collateral in favour of the Bank prior to all claims subsequent to this General Security Agreement.

- 8.6 Subject to applicable law and the claims, if any, of the creditors of the Debtor ranking in priority to the security constituted by this General Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this General Security Agreement will be applied as the Bank, in its sole discretion, may direct.

## 9. DEFICIENCY

- 9.1 If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full to the Bank, the Debtor will immediately pay to the Bank the amount of such deficiency.

## 10. RIGHTS CUMULATIVE

- 10.1 All rights and remedies of the Bank set out in this General Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future general security agreement or now or hereafter existing at law or in equity or pursuant to any other agreement between the Debtor and the Bank that may be in effect from time to time.

## 11. APPOINTMENT OF ATTORNEY

- 11.1 The Debtor hereby irrevocably appoints the Bank or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Bank or the Receiver, as the case may be, pursuant to this General Security Agreement.

## 12. LIABILITY OF THE BANK

- 12.1 The Bank shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Bank shall manage the Collateral upon entry or manage the business of the Debtor, as herein provided, nor shall the Bank be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss or realization or for any default or omission for which a mortgagee in possession may be liable.

- 12.2 The Bank shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Bank, in the case of Securities, Instruments or Chattel Paper, be obliged to reserve rights against other persons, nor shall the Bank be obliged to keep any of the Collateral identifiable.
- 12.3 The Bank shall not be obliged to inquire into the right of any person purporting to be entitled under the PPSA to information and materials from the Bank by making a demand upon the Bank for such information and materials and the Bank shall be entitled to comply with such demand and shall not be liable for having complied with such demand notwithstanding that such person may in fact not be entitled to make such demand.
- 12.4 The Debtor will indemnify the Bank and hold the Bank harmless from and against any and all claims, costs, losses, demands, actions, causes of action, lawsuits, damages, penalties, judgments and liabilities of whatsoever nature and kind in connection with or arising out of any representation or warranty given by the Debtor, being untrue, the breach of any term, condition, proviso, agreement or covenant to the Bank, or the exercise of any of the rights and or remedies of the Bank, or any transaction contemplated in this General Security Agreement.
- 12.5 The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Bank than provided in this General Security Agreement.

### **13. APPROPRIATION OF PAYMENTS AND OFFSET**

- 13.1 Subject to any applicable provisions of the PPSA, any and all payments made in respect of the Obligations from time to time and monies realized from any security held therefor (including monies collected in accordance with or realized on any enforcement of this General Security Agreement) may be applied to such part or parts of the Obligations as the Bank may see fit, and the Bank may at all times and from time to time change any appropriation as the Bank may see fit or, at the option of the Bank, such payments and monies may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or to the rights of the Bank hereunder.
- 13.2 Without limiting any other right of the Bank, whenever any of the Obligations is immediately due and payable or the Bank has the right to declare any of the Obligations to be immediately due and payable (whether or not it has so declared), the Bank may, in its sole discretion, set off against any of the Obligations any and all monies then owed to the Debtor by the Bank in any capacity, whether or not due and to do so even though any charge therefor is made or entered on the Bank's records subsequent thereto, and the Bank shall be deemed to have exercised such right to set off immediately at the time of making its decision.

### **14. LIABILITY TO ADVANCE, ETC.**

- 14.1 Except to the extent that the Bank:
- (a) by accepting bills of exchange drawn on it by the Debtor; or
  - (b) by issuing letters of credit or letters of guarantee on the application of the Debtor;
  - (c) is required to advance monies on the maturity of such bills or pursuant to such letters of credit or letters of guarantee, as the case may be, none of the preparation, execution,

perfection and registration of this General Security Agreement or the advance of any monies shall bind the Bank to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Bank or extend any term for performance or satisfaction of any obligation of the Debtor to the Bank.

- 14.2 Nothing herein contained shall in any way oblige the Bank to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Obligations or any of them.

## 15. WAIVER

- 15.1 No failure or delay by the Bank in the exercise of any power or right under this General Security Agreement constitutes a waiver thereof, nor does any exercise of any such power or right preclude any other exercise of same. Each power and right under this General Security Agreement is cumulative with, and not exclusive of, any power or right otherwise available.
- 15.2 Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification or waiver of this any provision of this General Security Agreement is binding on the Bank unless made in writing and signed by a duly authorized officer of the Bank.

## 16. EXTENSIONS

- 16.1 The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security, and otherwise deal with the Debtor, Account Debtors of the Debtor, sureties and others and with the Collateral and other security as the Bank may see fit without prejudice to the liability of the Debtor or the Bank's right to hold and realize on the security constituted by this General Security Agreement.

## 17. ASSIGNMENT

- 17.1 The Bank may assign, grant, pledge, sell or transfer any participation in this General Security Agreement, any power, remedy or right of the Bank under this General Security Agreement, or any interest of the Bank herein to any person, without notice to the Debtor, and the obligations and liabilities of the Debtor under this General Security Agreement exist for the benefit of each such person as well as the Bank.
- 17.2 The Debtor covenants and agrees that the assignee, transferee or secured party of the Bank, as the case may be, shall have all of the Bank's rights and remedies under this General Security Agreement and the Debtor will not assert any defence, counterclaim, right of set-off or otherwise any claim which it now has or hereafter acquires against the Bank in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

## 18. SATISFACTION AND DISCHARGE

- 18.1 Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Bank, shall be deemed not to be redemption or discharge of the security constituted by this General Security Agreement.

18.2 The Debtor shall be entitled to a release and discharge of the security constituted by this General Security Agreement upon full payment, performance and satisfaction of all Obligations, or the securing of the Obligations to the satisfaction of the Bank, and upon written request by the Debtor and payment to the Bank of all costs, charges, expenses and legal fees and disbursements (on an indemnity basis) incurred by the Bank in connection with the Obligations and such release and discharge.

#### 19. NO MERGER

19.1 This General Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security in any form held or which may hereafter be held by the Bank from the Debtor or from any other person whomsoever.

19.2 The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the terms, conditions, covenants, agreements or provisos contained in this General Security Agreement.

19.3 The release and discharge of the security constituted by this General Security Agreement by the Bank shall not operate as a release or discharge of any right of the Bank to be indemnified and held harmless by the Debtor pursuant to clause 12.4 hereof or of any other right of the Bank against the Debtor arising under this General Security Agreement prior to such release and discharge.

#### 20. INTERPRETATION

20.1 If any part or provision of this General Security Agreement is determined to be invalid, illegal or unenforceable, it will be severable from this General Security Agreement and the remainder of this General Security Agreement will be construed as if such invalid, illegal or unenforceable provision or part had been deleted.

20.2 For the purposes of this General Security Agreement, all references to the singular include the plural where the context so admits, the masculine to include the feminine and neuter gender and, where necessary, a body corporate, and vice-versa.

20.3 In this General Security Agreement, the headings have been inserted for reference only and shall not define, limit, alter or enlarge the meaning of any provision of this General Security Agreement.

20.4 Time is of the essence of this General Security Agreement.

20.5 The provisions of any agreement between the Debtor and the Bank, including but not limited to any loan application, commitment letter, or similar application or a mortgage of the Lands (the "Mortgage"), shall form part of this General Security Agreement except where inconsistent with the provisions hereof. In the case of any inconsistency between this General Security Agreement and the Mortgage, the provisions of the Mortgage shall prevail.

**21. ADDITIONAL SECURITY**

- 21.1 This General Security Agreement is in addition to and not in substitution for any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability held by the Bank, all of which will be construed as complementary to each other. Nothing in this General Security Agreement prevents the Bank from enforcing any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability in accordance with its terms.

**22. NOTICE**

- 22.1 Any notice or other communication required or permitted to be given under this General Security Agreement must be in writing and is validly given if delivered or sent by prepaid registered mail. If sent by mail it is deemed to have been given seven days after having been deposited in the mail in Canada, registered with postage prepaid and properly addressed. If at the time of mailing or between the time of mailing and the actual receipt of such notice or other communication there is a mail strike, slowdown or other labour dispute which might affect its delivery by the mails, such notice or other communication is only effective if actually delivered. The addresses of the Bank and the Debtor for notices under this General Security Agreement are as set out on page one, until notice of a change is given as set out in this section.

**23. ENUREMENT**

- 23.1 This General Security Agreement is binding on and enures to the benefit of the Bank and the Debtor and their executors, administrators, successors and assigns and to any person to whom the Bank may grant any participation in this General Security Agreement or any power, remedy or right of the Bank under this General Security Agreement.
- 23.2 This General Security Agreement need not be executed by the Bank to be binding on and to enure to the benefit of the Bank.

**24. COPY OF AGREEMENT AND FINANCING STATEMENT**

- 24.1 The Debtor hereby:
- (a) acknowledges receiving a copy of this General Security Agreement; and
  - (b) waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this General Security Agreement.

**25. GOVERNING LAW**

- 25.1 This General Security Agreement and the rights and obligations of the Debtor and the Bank under it are governed by and construed according to the laws of the Province of Alberta.
- 25.2 Any legal action or proceeding with respect to this General Security Agreement may be brought in the courts of the Province or in such other courts as the Bank in its sole discretion elects and the Debtor irrevocably submits to each such jurisdiction.

**26. EXECUTION**

- 26.1 This General Security Agreement may be executed in any number of counterparts, each of which will constitute an original, but all of which together will constitute one and the same document, and such will not affect the obligations of the Debtor under this General Security Agreement.
- 26.2 The Debtor will promptly do all further acts and execute and deliver further documents as the Bank considers necessary or advisable to carry out the terms or intent of this General Security Agreement.

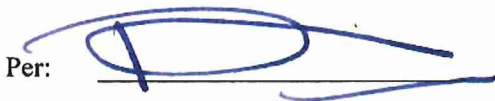
**27. ADVANCES**

- 27.1 It is acknowledged and agreed that any advance hereunder is an advance under the land mortgage granted by **MACLEOD PLACE LTD.**

**IN WITNESS WHEREOF** the Debtor has executed this General Security Agreement as of the day and year first above written.

**MACLEOD PLACE LTD.**

Per:



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

**MACLEOD PLACE LIMITED  
PARTNERSHIP,  
by its general partner  
MACLEOD PLACE LTD.**

Per:



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

**ENCUMBRANCE SCHEDULE**

**PRIOR ENCUMBRANCES:**

Nil.



**LOCATION SCHEDULE**

**ADDRESS(ES) OF LOCATION OF THE COLLATERAL:**

**PLAN 4269HS**

**BLOCK 1**

**LOT 2**

**EXCEPTING THEREOUT ALL MINES AND MINERALS**

**SCHEDULE OF SERIAL NUMBER GOODS**

**NIL**

## COVENANTOR AGREEMENT

This Agreement dated the 12 day of March, 2013 between **RIAZ MAMDANI** and **IRRATIONAL EXUBERANCE CORP.** (individually and collectively the "Covenantor") of c/o 400, 630 - 8<sup>th</sup> Ave. S.W., Calgary, Alberta, T2P 1G6 and **Citizens Bank of Canada** (the "Bank"), a Canadian chartered bank having an office at 5<sup>th</sup> Floor, 183 Terminal Avenue, Vancouver, B.C., V6A 4G2.

**WHEREAS MACLEOD PLACE LTD. and MACLEOD PLACE LIMITED PARTNERSHIP** (together with their successors and assigns the "Member") of c/o 400, 630 - 8<sup>th</sup> Ave. S.W., Calgary, Alberta, T2P 1G6 have made application to borrow the principal sum of **\$32,000,000.00** (the "Credit Facility") from the Bank on the terms of a commitment letter dated February 27, 2013 from the Bank to the Member (the "Commitment Letter"), secured by among other things, a mortgage (the "Mortgage") against the following lands and premises (the "Lands");

**PLAN 4269HS  
BLOCK 1  
LOT 2  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

an assignment of rents (the "Assignment of Rents"), a general security agreement (the "GSA"), an environmental indemnity agreement (the "EIA"), postponements of all shareholder and intercompany loans and any additional security required by the Bank from time to time in respect of the Credit Facility (the "Collateral"); and

**AND WHEREAS** the Covenantor has requested the Bank to provide the Credit Facility to the Member and in order to do so the Bank has stipulated that the Covenantor enter into this Agreement.

**IN CONSIDERATION** of the recitals, the Bank providing the Credit Facility to the Member and other good and valuable consideration received by the Covenantor, the receipt and adequacy of which is acknowledged by the Covenantor, the Covenantor agrees with the Bank as follows:

### **1. DEFINITIONS, INTERPRETATION**

#### **1.1 Definitions. In this Agreement:**

- (a) "**Indebtedness**", in respect of any person, is used in its most comprehensive sense and includes any and all advances, debts, duties, endorsements, guarantees, liabilities, obligations, responsibilities and undertakings of such person at any time assumed, incurred or made, however arising, whether or not now due, absolute or contingent, liquidated or unliquidated, direct or indirect, and whether such person is liable individually or jointly with others, irrespective of the regularity or validity thereof or of any security therefore;
- (b) "**Credit Facility Indebtedness**" means any Indebtedness from time to time of the Member to the Bank arising under the Credit Facility or the Credit Facility Obligations or any modifications or renewals of same;
- (c) "**Credit Facility Obligations**" means the Mortgage, the Assignment of Rents, the General Security Agreement and the Collateral and any modifications, extensions or renewals of same, whether such modifications, extensions or renewals are entered into by the Member or a subsequent owner of the Lands; and

- (d) "Other Person" means any person, corporation or other entity other than the Member or the Covenantor at any time liable in respect of the Credit Facility or the Credit Facility Indebtedness.

1.2 Interpretation. In this Agreement:

- (a) Indebtedness of any person will be deemed to be incurred when the Member assumes, incurs or otherwise becomes liable in respect of such Indebtedness, and Indebtedness will include Indebtedness assumed, guaranteed or incurred by the Member and Indebtedness in respect of which the Member otherwise becomes liable; and
- (b) each reference to full and punctual payment when due of any amount of the Credit Facility is deemed to mean payment of such amount at the time and place and in the manner and amount that payment is required to be made by the Member pursuant to any agreement entered into by the Member in respect of the Credit Facility, regardless of any law, decree, regulation, court order or enactment affecting same.

2. **REPRESENTATIONS AND WARRANTIES**

2.1 Representations and Warranties of Covenantor. The Covenantor makes the following representations and warranties to the Bank which will continue as long as any Credit Facility Indebtedness remains unpaid:

- (a) the Covenantor is executing and delivering this Agreement at the sole and exclusive request of the Member;
- (b) the Covenantor has derived or expects to derive financial and other advantage from the Credit Facility Indebtedness;
- (c) the Covenantor has not received or relied on any representation from the Bank or any agreement or undertaking with the Bank or any officer, employee or agent of the Bank, except as expressly set out in this Agreement;
- (d) the Member has furnished the Covenantor with all financial and other information and copies of all agreements and documents the Covenantor has requested concerning the Member, the Lands, the Credit Facility, the Credit Facility Indebtedness, the Credit Facility Obligations and the nature and extent of the risk the Covenantor incurs under this Agreement;
- (e) the Covenantor has established means satisfactory to it of obtaining from the Member, independently of the Bank, such other information and copies of all agreements and other writings the Covenantor deems desirable concerning the Member, the Lands, the Credit Facility, the Credit Facility Indebtedness, the Credit Facility Obligations, the Member's relationship with the Bank and the nature and extent of the risk the Covenantor incurs under this Agreement;
- (f) the Covenantor has the full power to enter into this Agreement. If the Covenantor is a corporation the directors of the Covenantor have passed a resolution now in effect which indicates that the directors of the Covenantor are of the opinion that the entering into of this Agreement by the Covenantor is in the best interests of the Covenantor; and
- (g) this Agreement is a legal, valid and binding obligation of the Covenantor, enforceable in accordance with its terms.

### 3. COVENANTS

3.1 Covenants. The Covenantor unconditionally, absolutely and irrevocably covenants and agrees with the Bank:

- (a) in addition to and separate and distinct from its agreements in Subsections 3.1(b) and (c), to guarantee to the Bank the repayment of the Credit Facility Indebtedness and to guarantee to the Bank the punctual performance of all agreements and obligations under the Credit Facility Obligations;
- (b) in addition to and separate and distinct from its agreements in Subsections 3.1(a) and (c), to indemnify and save harmless the Bank from and against all loss, damage, expenses, costs and liability whatsoever which shall arise from or be caused by the default or breach in respect of the obligations under the Credit Facility Indebtedness or the Credit Facility Obligations; and
- (c) in addition to and separate and distinct from its agreements in Subsections 3.1(a) and (b), as primary obligor and not as guarantor, to pay and be responsible for the Credit Facility Indebtedness and to adopt as its own obligations every obligation of the Member in respect of the Credit Facility Indebtedness and the Credit Facility Obligations.

3.2 Nature of Obligations of Covenantor. The Covenantor covenants and agrees with the Bank that:

- (a) except as expressly set out in this Agreement the obligations and liabilities of the Covenantor under this Agreement will be irrevocable and as long as any of the Credit Facility Indebtedness remains unpaid, will continue and be of full force and effect and will not be terminated or in any manner affected, and no right of the Bank under this Agreement will in any manner be prejudiced or impaired by:
  - (i) the dissolution, winding-up or other cessation of existence of the Member or the Covenantor or the institution of any proceeding relating thereto, any continuance, reorganization or change in the business, directors, management, objects, organization or shareholders of the Member or the Covenantor, the amalgamation of the Member or the Covenantor with another corporation, the sale or disposal of or appointment of a liquidator, receiver, receiver-manager, receiver and manager or trustee in respect of any of the assets or undertaking of the Member or Covenantor, any distribution of the assets of the Member or Covenantor on any arrangement, bankruptcy, composition insolvency, liquidation, receivership, reorganization or other similar proceeding or occurrence, any assignment by the Member or the Covenantor for the benefit of creditors, any other marshalling of any of the assets of the Member or the Covenantor or any other act or event which constitutes a novation of any obligation or liability of the Member in respect of the Credit Facility, whether by substitution of the obligations or liabilities of any other person in place of those of the Member or otherwise;
  - (ii) any obligation or liability of the Member, whether in respect of the Credit Facility or otherwise, the Covenantor, whether under this Agreement or otherwise, or of any Other Person or any agreement or instrument evidencing any such obligation or liability at any time being unenforceable;
  - (iii) any defect in, omission from, failure to file or register, or defective filing or registration of any document under which the Bank has taken security for payment of the Credit Facility or for performance of any obligation of the

Member, the Covenantor or any Other Person or any failure or loss in respect of any such security of the Bank, whether arising in connection with the fault of the Bank or otherwise;

- (iv) any issue or levy by any administrative, government, judicial or other authority or arbitrator of any award, execution, injunction, judgment, order, attachment, writ or similar process against the Member, whether in respect of the Credit Facility or the Credit Facility Indebtedness or otherwise, or against any Other Person;
  - (v) any occurrence or non-occurrence of any other act or event which would result in termination, discharge, limitation, merger, novation, reduction or release of the Covenantor or of any of its obligations or liabilities under this Agreement or which would otherwise prejudice or impair any right of the Bank under this Agreement; or
  - (vi) any sale, transfer, agreement to sell or other disposition of the Lands by the Member;
- (b) the obligations and liabilities of the Covenantor under this Agreement are absolute and independent of and not in consideration of or conditional on any other obligation or liability of the Covenantor or the Member, whether in respect of the Credit Facility or otherwise, or any Other Person or any prior notice or protest to, demand upon or action, suit or other proceeding against the Member or any Other Person. The Bank may bring or prosecute a separate action, suit or other proceeding against the Covenantor whether it is brought or prosecuted against the Member or any Other Person or whether the Member or any Other Person is joined;
  - (c) this Agreement will be binding in respect of any modification or renewal of the Credit Facility Indebtedness by the Member or any subsequent owner of the Lands, whether or not the Covenantor has consented to same and whether or not such modification or renewal constitutes an adverse or material alteration of the Covenantor's obligations under this Agreement; and
  - (d) any part payment by the Member of any of the Credit Facility or the Credit Facility Indebtedness operates to extend any statute of limitations or law of prescription as to the Member will operate to extend such statute of limitations or law of prescription as to the Covenantor.

3.3 Authorizations. The Covenantor authorizes the Bank, in the sole discretion of the Bank, without notice to or demand on the Covenantor and without in any manner affecting any obligation or liability of the Covenantor under this Agreement or any security furnished to the Bank by the Covenantor in connection with the Credit Facility or prejudicing or impairing any right of the Bank under this Agreement, from time to time to:

- (a) adjust, compromise, extend, modify, accelerate, renew or otherwise change the time, form or manner for payment of or any term in respect of the Credit Facility or the Credit Facility Indebtedness, including, without limitation, increasing or decreasing the rate of interest, changing the method of calculation of interest, extending the term, or altering the periodic payments;
- (b) take any security for payment of the Credit Facility or the Credit Facility Indebtedness or for performance of any obligation of the Member, the Covenantor or any Other Person or the Credit Facility Indebtedness and enforce, exchange, perfect, release, subordinate,

subrogate, substitute, surrender, waive or take advantage of or defer or waive taking, perfecting, enforcing or otherwise taking advantage of any such security and apply such security and direct the manner of sale as the Bank determines in its sole discretion;

- (c) compromise, release, substitute, delay or waive the exercise of any right or remedy against the Member, the Covenantor or any Other Person liable in respect of the Credit Facility;
- (d) grant any other indulgence to the Member, the Covenantor or any Other Person liable in respect of the Credit Facility and deal with all or any of such persons as the Bank sees fit;
- (e) accept payment of any Credit Facility Indebtedness from the Member incurred by the Member after the execution of this Agreement;
- (f) apply any payment by, recovery from or credit, deposit or offset due to, or any funds realized from any security furnished to the Bank by the Member, the Covenantor or any Other Person liable in respect of the Credit Facility, to any Indebtedness, whether in respect of the Credit Facility or otherwise of the Member, the Covenantor or any such Other Person to the Bank, as the case may be, in such manner and at such times as the Bank in its sole discretion determines;
- (g) otherwise deal with the Member, the Covenantor, any Other Person or the Credit Facility Indebtedness or any security provided to the Bank by the Member, the Covenantor or any Other Person as the Bank deems appropriate; and
- (h) impose a lien on or set off any money, security or other property of the Covenantor at any time in the possession of or an deposit with the Bank, whether held in a general or special account or on deposit or for safekeeping or otherwise, against any payment due from the Covenantor to the Bank under this Agreement.

3.4 Waiver. The Covenantor unconditionally waives:

- (a) any right to receive from the Bank any communication with respect to the Credit Facility or the Credit Facility Indebtedness or any obligation or liability of the Covenantor under this Agreement, or of any Other Person liable in respect of any of the Credit Facility or Credit Facility Indebtedness, including, without limitation:
  - (i) any notice of the creation or existence of any Indebtedness, the intention of the Bank to act on or in reliance on any obligation or liability of the Covenantor, whether under this Agreement or otherwise, or of any Other Person, or any default by or non-observance of any obligation of the Member, the Covenantor or any Other Person;
  - (ii) any communication of any information known by the Bank relating to the financial condition of the Member or to any other circumstance bearing upon the risk of non-payment under the Credit Facility; or
  - (iii) any demand for performance, notice of dishonour, notice of protest, presentment or protest relating to any obligation or liability of the Member, the Covenantor or any Other Person liable in respect of the Credit Facility;

- (b) any right to require the Bank to:
  - (i) proceed against the Member, the Covenantor or any Other Person liable in respect of the Credit Facility, including, without limitation, any right or benefit of discussion or division;
  - (ii) proceed against or exhaust any security furnished to the Bank by the Member, the Covenantor or any Other Person;
  - (iii) first apply any property or assets of the Member or any other Person liable in respect of the Credit Facility to the discharge of the Credit Facility or marshal in favour of the Covenantor; or
  - (iv) pursue or exercise any other right or remedy of the Bank whatsoever;
- (c) as long as any of the Credit Facility Indebtedness remains unpaid, any right of subrogation to or any right to enforce any right or remedy of the Bank in respect of the Member, any Other Person or any security provided to the Bank by the Member or any such Other Person or any benefit of or right to participate in any such security; and
- (d) any defence arising out of or in connection with:
  - (i) any absence, impairment or loss of any right of contribution, reimbursement or subrogation or any other right or remedy of the Covenantor in respect of the Member or any Other Person;
  - (ii) any disability, incapacity or other defence available to the Member or any Other Person liable in respect of the Credit Facility Indebtedness or any cessation from any cause whatsoever of any obligation or liability of the Member or any Other Person in respect of the Credit Facility Indebtedness; or
  - (iii) any other circumstance which might otherwise constitute a defence to any action, suit or other proceeding against the Covenantor, whether under this Agreement or otherwise.

3.5. Bankruptcy, etc. In the event of any distribution of any of the assets of the Member, the Covenantor or any Other Person, an arrangement, bankruptcy, composition, execution, sale, insolvency, liquidation, receivership, reorganization or other similar proceeding or occurrence, any proceeding for the dissolution, liquidation, winding-up or other cessation of existence of the Member or, any Other Person, voluntary or involuntary, whether or not involving bankruptcy or insolvency proceedings, any assignment by the Member or any Other Person for the benefit of creditors or any other marshalling of any of the assets of any such person:

- (a) no obligation or liability of the Covenantor under this Agreement will be terminated or in any manner affected and no right of the Bank under this Agreement will in any manner be prejudiced or impaired by same or by any omission by the Bank to prove its claim or its full claim and the Bank may prove such claim as it sees fit and may refrain from proving any claim and may value or refrain from valuing any security held by the Bank; and
- (b) if any of the Credit Facility Indebtedness is unpaid, the Bank has the right to include in any claim made by it all sums paid by the Covenantor, whether under this Agreement or otherwise, and to prove and rank for and receive dividends in respect of such claim, all



right to prove and rank for such sums paid by the Covenantor and to receive the full amount of all dividends in respect thereof, which are hereby assigned and transferred by the Covenantor to the Bank.

#### 4. SUBORDINATION

- 4.1 Subordination of Indebtedness. The Covenantor defers, postpones and subordinates in the manner set out in this Article all of the Indebtedness from time to time of the Member to the Covenantor, to all of the Credit Facility Indebtedness and the Covenantor assigns and transfers to the Bank every right of the Covenantor relating to the Indebtedness.
- 4.2 Payment of Indebtedness. Any right of the Covenantor to receive any payment on account of Indebtedness of the Member to the Covenantor will be subordinated to any right of the Bank to receive any payment of the Credit Facility Indebtedness and the Covenantor shall not:
- (a) commence any action, take any proceeding, collect or receive any payment upon, by set off or counterclaim or in any other manner, any of the Indebtedness of the Member to the Covenantor;
  - (b) assign, charge, mortgage, pledge, sell, transfer or otherwise encumber or give a security interest in any of the Indebtedness of the Member to the Covenantor;
  - (c) enforce or apply any security now or hereafter furnished by the Member to the Covenantor; or
  - (d) incur any Indebtedness to or receive any loan, advance or gift from the Member.
- 4.3 Payment in Trust. If the Member is in breach or default under the Credit Facility Obligations, and any payment or distribution of assets of the Member is made to the Covenantor on account of the Indebtedness to which the Covenantor would be entitled except for this Article 4, such payment or distribution will be received by the Covenantor in trust for the benefit of the Bank, and the Covenantor shall forthwith pay same to the Bank for application to any money due or owing to the Bank under the Credit Facility Indebtedness.

#### 5. MISCELLANEOUS

- 5.1 Payments. All payments required to be made by the Covenantor to the Bank under this Agreement will be made at the address of the Bank set out on page one (or at any other place specified by the Bank by written notice to the Covenantor) in immediately available funds in lawful Canadian currency, without any set off counter claim or deduction.
- 5.2 Covenantor to Keep Informed. As long as any of the Credit Facility Indebtedness is unpaid the Covenantor assumes responsibility for keeping itself informed of the financial condition of the Member and of all other circumstances bearing on the risk it incurs under this Agreement.
- 5.3 Lender's Records. The records of the Bank as to the Credit Facility, any Credit Facility Indebtedness or any failure by the Member to make full and punctual payment when due of any of the Credit Facility are conclusive evidence of the relevant facts without further proof.
- 5.4 Failure or Indulgence Not Waiver. No failure or delay by the Bank in the exercise of any power or right under this Agreement constitutes a waiver thereof, nor does any exercise of any such power or right preclude any other exercise of same. Each power and right under this Agreement is cumulative with, and not exclusive of, any power or right otherwise available.


- 5.5 Modification. No modification or waiver of this Agreement is binding on the Bank unless made in writing and signed by a duly authorized officer of the Bank.
- 5.6 Entire Agreement. On the execution and delivery by the Covenantor, this Agreement is deemed to be finally executed and delivered by the Covenantor to the Bank and is not subject to or affected by any condition as to the receipt by the Bank of any other security for any of the Credit Facility or the Credit Facility Indebtedness or as to the execution and delivery by any Other Person to the Bank of any other agreement or guarantee, nor by any promise or condition affecting the liability of the Covenantor. No agreement, promise, representation or statement by the Bank or any of its officers, employees or agents unless in this Agreement forms part of this Agreement, has induced the making of it or affects the liability of the Covenantor under it.
- 5.7 Severability. If any part or provision of this Agreement is determined to be invalid, illegal or unenforceable, it will be severable from this Agreement and the remainder of this Agreement will be construed as if such invalid, illegal or unenforceable provision or part had been deleted.
- 5.8 Non-Merger. This Agreement shall not operate so as to create any merger or discharge of the Credit Facility Obligations. The taking of a judgment with respect to any of the Credit Facility Obligations will not operate as a merger of any of the terms, conditions, covenants, agreements or provisos contained in this Agreement.
- 5.9 Effect. This Agreement is in addition to and not in substitution for any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability held by the Bank including without limitation the Credit Facility Obligations, all of which will be construed as complementary to each other. Nothing in this Agreement prevents the Bank from enforcing any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability including without limitation the Credit Facility Obligations, in accordance with its terms.
- 5.10 Assignability. The Covenantor hereby consents to the Bank assigning, transferring or selling all or any portion of its interest under this Agreement and the Credit Facility Obligations and without limiting the foregoing, the Bank may enter into participation, contending or syndication agreements with other mortgagees in connection with this Agreement and the Credit Facility Obligations. The Bank may provide information of a financial or other nature to any prospective assignee, transferee, purchaser or other mortgagees concerning the Covenantor, the Member, this Agreement and the Credit Facility Obligations.
- 5.11 Notices. Any notice required or desired to be given by one party to the other may be given by delivery or by facsimile transmission or by registered or certified mail to the addresses of the Bank and the Covenantor as set out on page one of this Agreement, as the case may be and such notice, if given by mail, shall, in the absence of a threatened or actual postal disruption, be deemed to have been received five days after mailing. In the event of a threatened or actual postal disruption, any notice shall be given by delivery or facsimile transmission to the party to whom it is to be given and the notice shall be deemed received on the day it is delivered or transmitted.
- 5.12 Expenses, Fees and Indemnity. The Covenantor will pay to the Bank all costs, charges and expenses, including all administrative fees, legal fees and professional fees, incurred by the Bank in connection with the collection of any amount payable under this Agreement by the Covenantor to the Bank. The Covenantor shall indemnify the Bank against all claims, loss or damages arising out of or in connection with any breach or default by the Covenantor under this Agreement.
- 5.13 Applicable Law. This Agreement and the rights and obligations of the Covenantor and the Bank under it are governed by and construed according to the laws of Alberta.

- 5.14 Interpretation. For the purposes of this Agreement, all references to the singular include the plural where the context so admits, the masculine to include the feminine and neuter gender and, where necessary, a body corporate, and vice versa.
- 5.15 Time of the Essence. Time is of the essence of this Agreement.
- 5.16 Jurisdiction. Any legal action or proceeding with respect to this Agreement may be brought in the courts of Alberta or in such other courts as the Bank in its sole discretion elects and the Covenantor irrevocably submits to each such jurisdiction.
- 5.17 Execution by Lender. This Agreement need not be executed by the Bank to be binding on and to enure to the benefit of the Bank.
- 5.18 Counterparts. This Agreement may be executed in any number of counterparts, each of which will constitute an original, but all of which together will constitute one and the same document, and such will not affect the obligations of the Covenantor under this Agreement.
- 5.19 Further Assurances. The Covenantor will promptly do all further acts and execute and deliver further documents as the Bank considers necessary or advisable to carry out the terms or intent of this Agreement.
- 5.20 Successors and Assigns. This Agreement is binding on and enures to the benefit of the Bank and the Covenantor and their executors, administrators, successors and assigns and to any person to whom the Bank may grant any participation in this Agreement, the Credit Facility or any of the Credit Facility Obligations or any power, remedy or right of the Bank under this Agreement or any of the Bank's interest herein or in the Credit Facility Indebtedness.
- 5.21 Multiple Covenantor and Lender. If the Covenantor consists of more than one party, this Agreement will be read with all necessary grammatical changes and each reference to the Covenantor includes each and every such person or corporation individually. All covenants and agreements herein of the Covenantor are the joint and several covenants and agreements of each such person or corporation. If the Bank consists of more than one party, this Agreement will be read with all necessary grammatical changes and each such party or any one or more of them is entitled to enforce each right and remedy of the Bank under this Agreement.

IN WITNESS WHEREOF the Covenantor has executed this Agreement as of the date and year above first written.

SIGNED, SEALED AND DELIVERED by )  
 RIAZ MAMDANI in the presence of: )  
Elizabeth Rafferty )  
 Name )  
3300, 421 7 Ave SW, Calgary, AB )  
 Address )  
Barrister & Solicitor )  
 Occupation )

  
 \_\_\_\_\_  
 Covenantor - RIAZ MAMDANI

**IRRATIONAL EXUBERANCE CORP.**  
 Per:   
 \_\_\_\_\_  
 Per: \_\_\_\_\_


**ACCEPTANCE OF SUBORDINATION**


The undersigned, for good and valuable consideration (the receipt and sufficiency of which is acknowledged), accepts and consents to the provisions of Article 4 of the Agreement to which this acceptance is attached and agrees to be bound by its provisions and to recognize all priorities and other rights granted to the Bank and to pay the Bank in accordance therewith.

**DATED** as of the date of the Agreement.

**MACLEOD PLACE LTD.**

**MACLEOD PLACE LIMITED  
PARTNERSHIP,  
by its general partner  
MACLEOD PLACE LTD.**

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

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

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

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

**THE GUARANTEES ACKNOWLEDGEMENT ACT, (ALBERTA)  
CERTIFICATE OF NOTARY PUBLIC**

**I HEREBY CERTIFY THAT:**

- (1) **RIAZ MAMDANI**, of Calgary, in the Province of Alberta, the guarantor in the covenantor agreement/guarantee dated March 12, 2013 made between **RIAZ MAMDANI** and **Citizens Bank of Canada**, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the covenantor agreement/guarantee;
- (2) I satisfied myself by examination of the guarantor that he is aware of the contents of the covenantor agreement/guarantee and understands it.

**GIVEN AT** the City of Calgary, in the Province of Alberta this 12 day March of, 2013 under my hand and seal of office.



A Notary Public in and for the Province of Alberta

**Elizabeth M.S. Rafferty**  
Barrister & Solicitor


**STATEMENT OF GUARANTOR**

I am the person named in the certificate.



Signature of Guarantor ~~RIAZ MAMDANI~~

This is Exhibit "B" referred to in the  
affidavit of Gregory Asai sworn before me  
this ...13... day of March, 2020.

  
-----  
A Commissioner for taking Affidavits for  
British Columbia.



October 18<sup>th</sup>, 2007

Reply Attention of: John Lucas  
Direct Tel: 604-708-7894  
Fax: 604-708-2833  
Email: john\_lucas@citizensbank.ca

Louise Block Capital Corp.  
c/o Canada ICI Capital  
1630, 717 - 7<sup>th</sup> Avenue S.W.  
Calgary, Alberta

**Attention: Mr. Doug Milne**

Dear Sir:

**RE: 1018 Macleod Trail, SE, Calgary, Alberta.**

We are pleased to advise that Citizens Bank of Canada ("Citizens"), a wholly-owned subsidiary of Vancouver City Savings Credit Union ("Vancity"), has approved first mortgage financing upon the following terms and conditions set out in this commitment letter (together with any schedules and/or attachments, the "Commitment Letter").

**1. PURPOSE:**

To assist with refinancing of a two storey multi-tenant Class B office building representing ±26,209m<sup>2</sup> of net rentable area located at 1018 Macleod Trail SE, Calgary, Alberta (the "Property"). It is understood that the Property is 100% leased.

**2. BORROWER:**

Louise Block Capital Corp.--acting as the General Partner for Louise Block Limited Partnership. (the "Borrower").

**3. COVENANTOR(S):**

The personal covenant of Riaz Mamdani limited \$1,500,000 and the personal covenant of John Torode limited \$1,500,000 who will indemnify and save harmless Citizens from and against any failure of the Borrower to repay the loan, and shall assign and postpone any payments due to the Covenantor(s) from the Borrower in favour of Citizens.

**4. LOAN AMOUNT & TYPE:**

\$4,800,000 non-revolving, fixed rate term loan, to be funded in a single advance on or about October 31<sup>st</sup>, 2007.

**5. INTEREST RATE:**

The rate of interest on the outstanding balance of the loan during the term shall be ~~6.39%~~ <sup>6.10%</sup> per annum, compounded semi-annually, payable not in advance. Upon maturity, if not renewed, the interest rate will change to Citizens Prime lending rate in effect from time to time plus 5.0% per annum, compounded monthly, payable not in advance.

**6. TERM:**

The assured term is for a period of 60 months following the Interest Adjustment Date ("IAD"), and the whole of the outstanding balance will only be due and payable earlier in the event of default by the Borrower in observing or performing hereunder, or under the Security. Thereafter, the outstanding balance of the loan, plus interest and costs, will be repayable upon demand.

citizensbank.ca

**7. AMORTIZATION:**

The loan shall be amortized over 300 months from the IAD.

**8. REPAYMENT:**

The loan shall be repayable in equal blended monthly payments of ~~\$34,833~~ <sup>\$30,711<sup>75</sup></sup> covering both principal and interest, commencing on the first day of the month following the IAD, and continuing thereafter on the first day of each month during the term. Interest payable from the funding date until the IAD shall be deducted from the loan advance.

**9. PREPAYMENT:**

Provided that the Borrower is not in default under the mortgage, or under any other Security, the Borrower shall have the right to prepay the loan at any time during the term, in whole or in part, upon payment to Citizens the greater of:

- i) an additional three (3) months of contract mortgage interest on the amount so prepaid; or
- ii) a yield maintenance fee based upon the difference between the contract mortgage interest rate, and the appropriate Government of Canada bond or treasury bill yield for the remaining term, as calculated by Citizens.

**10. COMMITMENT FEE:**

In accordance with the terms of the application letter dated September 17<sup>th</sup>, 2007, Citizens acknowledges the prior receipt of a \$12,000 Application & Processing Fee which is deemed fully earned and non-refundable upon issuance of this Commitment Letter.

**11. LEGAL DESCRIPTION:**

Lots 37 to 40 inclusive, Block 72, Plan A.

**12. SECURITY:**

The loan shall be secured by the following documents which must be satisfactory in form and substance to Citizens and its solicitors:

- Registered \$4,800,000 mortgage creating a first fixed financial charge over all the legal and beneficial fee simple interest in the Property, together with an Assignment of Rents and Leases. No registered secondary debt is permitted on title without Citizens prior written consent.
- Citizens standard form of priority agreement executed by the second mortgagee which shall contain a default notice provision.
- General security agreement creating a first fixed and floating security interest over all present and after acquired personal property of the Borrower with respect to the Property.
- Assignment of ground lease agreement between 679630 Alberta Ltd. (as the "Assignor") and Louise Block Capital Corp. (as the "Assignee") and The City of Calgary (as the "Landlord").
- Covenant/Guarantee agreement.
- Full replacement cost "all risk" insurance including business interruption and flood/earthquake coverage, as appropriate, indicating Citizens as first loss payee under a Standard Mortgage Clause, together with liability coverage at least equal in scope to a Commercial General Liability form, and in the minimum amount of \$5,000,000 per occurrence.
- Assignment of all cross encumbrance agreement(s) affecting the Property, as applicable.



- Environmental indemnity agreement executed by the Borrower and Covenantor(s).
- Subrogation of all shareholder and inter-company loans between the Borrower and its Shareholders.
- Such additional Security as Citizens and/or its solicitors may reasonably require.

**13. CONDITIONS PRECEDENT TO FUNDING:**

Prior to the initial advance of funds, Citizens shall have first received the following items, all of which must be satisfactory in form and content to Citizens in its sole discretion:

- Security documentation and resolutions, approved by Citizens solicitors, and registered where required.
- Confirmation of zoning.
- Up-to-date financial statements for the Borrower (Louis Block Capital Corp. and Louise Block Limited Partnership), signed by its Directors and deemed as satisfactory to Citizens.
- Receipt of current Phase I environmental report satisfactory to Citizens along with transmittal letter from the environmental engineer addressed to Citizens stating that the report(s) may be relied upon by Citizens for mortgage lending purposes.
- Review of all leases, amendments, modifications, etc.
- Executed estoppel certificates from the tenants.
- Site inspection by a representative of Citizens or its agent.
- Current Building Inspection report(s), if available.
- Insurance policy review by Citizens consultant.
- Banking reference for the Borrower and Covenantor(s) (provide bank name, contact person and telephone number).
- Confirmation that Property taxes are current.
- Survey certificate.
- Copies of any secondary financing proposed.
- Copies of all ownership agreements relating to the Property.

**14. ACKNOWLEDGEMENT BY BORROWER:**

The Borrower acknowledges to the best of their knowledge that the Tenancy Schedule/Rent Roll(s) forwarded to Citizens, is a true representation of the current leasing status for the Property. The Borrower also acknowledges they will provide updated tenancy/lease schedule to Citizens at their request during the term of the loans.

**15. GENERAL CONDITIONS OF LENDING:**

No registered secondary debt is permitted on title without Citizens prior written consent.

The attached pages entitled "FURTHER TERMS AND CONDITIONS" form an integral part of the Commitment Letter.

**16. CITIZENS SOLICITORS:**

Attention: Terry Lidster Borden Lader Gervais	Phone No.: 403-232-9573	Fax No.: 403-266-1395
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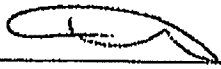
**17. TIME FOR ACCEPTANCE:**

The Borrower and Covenantor(s) may accept the Commitment Letter by returning the enclosed duplicate copy to Citizens, duly executed where indicated, on or before October 22<sup>nd</sup>, 2007. Failing such acceptance, this offer of financing shall be of no further force or effect. Upon acceptance, this Commitment Letter shall constitute a binding agreement between Citizens and the Borrower.


Thank you for this opportunity to assist you with your financing requirements. Should you have any questions or comments, please do not hesitate to call.

Yours very truly,

**CITIZENS BANK OF CANADA**

per:  \_\_\_\_\_

John Lucas  
Senior Account Manager  
Commercial Mortgages

per:  \_\_\_\_\_

Stuart Leslie  
Vice-President  
Commercial Mortgages



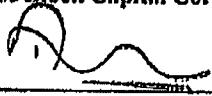
**18. BORROWER'S AND COVENANTOR(S) ACCEPTANCE**

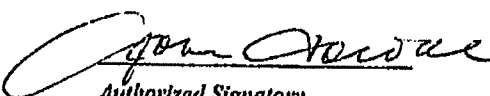
The Borrower and Covenantor(s) hereby acknowledge and agree to the terms and conditions contained in the Commitment Letter, and authorize Citizens to instruct its solicitors to prepare the documentation in connection with the loan. The Borrower and Covenantor(s) further acknowledge that the fees set forth in the Commitment Letter are a reasonable estimate of Citizens cost incurred in investigating and preparing the loan, and of holding monies available to fund the loan, and that the aforesaid fees shall be deemed earned by Citizens if the loan is not advanced.

Dated this 22 day of October, 2007.

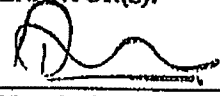
**BORROWER:**

**Louise Block Capital Corp.-acting as the General Partner for Louise Block Limited Partnership**

  
\_\_\_\_\_  
Authorized Signatory

  
\_\_\_\_\_  
Authorized Signatory

**COVENANTOR(S):**

  
\_\_\_\_\_  
Riaz Mamdani

  
\_\_\_\_\_  
John Torode

Please provide us with the name, address and phone number of your solicitor:

Stephen Livergant  
cbmcCarthyTetrawell LLP  
#3300, 421-7 Ave SW, Calgary, AB T2P 4K9  
Phone: (403) 260-2633

**FURTHER TERMS AND CONDITIONS**

**A. Disbursement of Funds:**

The loan will be disbursed upon all of the conditions herein being fulfilled.

**B. Appraisal:**

It is a condition of the Commitment Letter and the advance of the loan that Citizens receive a satisfactory appraisal report prepared and/or reviewed by an appraiser with an AACI designation.

**C. Survey:**

It is a condition of this Commitment and the advance of the loan that Citizens receive a surveyor's certificate and sketch by a qualified Lands Surveyor indicating the boundaries of the Property, the location of the improvements thereon, and certification that all improvements are wholly within the boundaries of the Property, or where such is not the case, specific identification of encroachments, and that the location of the improvements is in compliance with all municipal and civic siting bylaws and regulations.

**D. Insurance:**

**Property:**

It is a condition of this Commitment and the advance of the loan that the Borrower insure or cause the Property to be insured and keep insured for its full insurable replacement value, without deduction for foundations and footings on an all risk or broad form basis with extended risks, including replacement cost without any "same or adjacent site" restriction, flood, earthquake, and sewer back-up coverage, by-law extensions, loss of rental income coverage with a minimum period of indemnity of 12 months. There must be a Stated Amount clause to waive the coinsurance condition or confirmation that there are no coinsurance restrictions applicable to the building(s).

Policy must show Citizens as first mortgagee and loss payee and include a Standard Mortgage Clause and provide at least 30 days prior written notice of cancellation to the lender, except for non-payment, when statutory conditions may apply. Policy shall be permitted to contain reasonable deductibles.

**Boiler & Machinery:**

Boiler & Machinery coverage on a comprehensive repair or replacement cost basis and including by-law extensions and rental income coverage with a minimum indemnity period of 12 months.

Policy must show Citizens as first mortgagee and loss payee and include a Mortgage Clause and provide at least 30 days prior written notice of cancellation to the lender, except for non-payment, when statutory conditions may apply.

**Liability:**

Commercial General Liability coverage in a minimum amount of \$5,000,000, the foregoing liability insurance may be satisfied by a combination of primary, umbrella or excess policies. Liability policy must show Citizens as an Additional Insured. Policy must provide at least 30 days prior written notice of cancellation to the lender, except for non-payment, when statutory conditions may apply.

**General:**

Signed Certificates of Insurance or Signed Binders of Insurance will suffice as satisfactory evidence of insurance at time of financing. A certified copy of insurance (the "Policy") shall be supplied to Citizens as soon as it is available from the insurers.

The Policy must have Commercial General Liability coverage in a minimum amount of \$5,000,000. The Policy shall be supplied to Citizens prior to any loan advance hereunder, and shall remain in full force and effect throughout the term of the loan, or any renewal thereof. The Policy must show Citizens as first loss payee; be subject to the Standard Mortgage Clause; and contain a written cancellation notice period of not less than 30 days. The Policy must be satisfactory to Citizens and its insurance consultant. The cost of the insurance review will be for the account of the Borrower.

It is clearly understood and agreed that the insurance requirements contained herein are a minimum guide and, although must be adhered to throughout the life of the mortgage or loan, in no way represents an opinion as to the full scope of insurance cover a prudent Borrower would arrange to adequately protect its interest and the interests of the lender and therefore the Borrower must govern itself accordingly. It is also clearly understood that the lender may require such other insurance, acting reasonable, given the nature of the security and that which a prudent owner of a similar security would purchase and maintain, or cause to be purchased and maintained.

**E. Property Taxes:**

Property taxes shall be in a current position at the time of the initial loan advance. The Borrower agrees to provide Citizens with a paid receipted tax bill by August 1st of each calendar year. Citizens reserves the right to collect 1/12th of the estimated annual property taxes with the regular monthly payment of principal and interest.

**F. Sale of Property:**

The whole of the amount outstanding on the loan, including interest, shall be due and payable at the option of Citizens if the Borrower sells, agrees to sell, transfers, or otherwise disposes of its freehold interest in the Property.

**G. Change of Control of the Borrower:**

If the Borrower is a corporation, the whole of the amount outstanding on the loan, including interest shall be due and payable, at the option of Citizens, if there is in the opinion of Citizens, an effective change of control of the Borrower after the date hereof.

**H. Prohibited Businesses**

The Borrower shall not operate, nor allow any tenant to operate a business on the Property that:

- i) is sexually exploitive or that is inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; or
- ii) is engaged in or associated with illegal activities.

**I. Cancellation:**

Citizens may cancel this Commitment if:

- i) there is in the opinion of Citizens, acting reasonably, a material adverse change in the risk to Citizens; or
- ii) the Borrower, or any agent of the Borrower, or any officer or director of the Borrower if the Borrower is a corporation, shall have made any material misrepresentation in connection with the loan, or in the application for the loan; or
- iii) the loan has not been advanced within 60 days of the date of this Commitment Letter.

**J. Documentation:**

The preparation of all Security and any other documentation in connection with the loan, including registration thereof, shall be done by the solicitors for Citizens. Prior to any advance under the loan, Citizens solicitors must be satisfied that the Memorandum and Articles of Incorporation for the Borrower permit the mortgage transaction and Pledge of Security.

**K. Solicitor's Opinion:**

The whole of these arrangements shall be subject to the solicitors for Citizens being satisfied as to the title of the Property, the form and content of the Security documents, the corporate status of the Borrower if the Borrower is a corporation, and as to all legal matters pertaining to the loan and compliance with the conditions herein, subject always to the right of the solicitors for Citizens to require an opinion from the solicitors for the Borrower pertaining to any of the aforesaid.

**L. Joint Obligations:**

If the Borrower is comprised of more than one person, the obligations of the Borrower herein shall be joint and several obligations of all and each of the persons comprising the Borrower, and every reference to the Borrower shall be deemed to be a reference to all and each of the persons comprising the Borrower.

**M. No Assignment:**

This Commitment may not be transferred or assigned by the Borrower.

**N. Non-merger:**

Neither the execution nor registration of the mortgage nor the advance of the loan or any part thereof will relieve the Borrower from any obligation or conditions herein. If the provisions of the mortgage or any other documents executed pursuant hereto conflict with the provisions hereof, the provisions of the mortgage or other document shall prevail.

**O. Commencement of Interest Computation:**

Interest on the loan shall commence to accrue as and from the day the proceeds of the loan are forwarded to the solicitors for Citizens, notwithstanding that the proceeds may not actually be received by the Borrower on that day.

**P. Independent Legal Advice:**

Independent legal advice is required in all cases where there is a Covenantor(s) involved in the loan unless Citizens solicitors are satisfied that independent legal advice is not necessary.

**Q. Hazardous Substances Indemnity:**

In addition to any liability imposed on the Borrower under any instrument evidencing or securing the loan indebtedness, the Borrower shall be liable for any and all of Citizens costs, expenses, damages or liabilities, including, without limitation, all reasonable attorney's 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 be evidenced in a manner satisfactory and sufficient in the opinion of Citizens and its counsel, to survive foreclosure of its mortgage or a deed in lieu thereof or any exercise by Citizens of any remedies available to it for any default under the mortgage loan.

**R. Annual Reporting Requirements:**

As a federally chartered financial institution, Citizens is required to perform an "Annual Review" on each commercial account in its portfolio. Upon written request by Citizens, updated information shall be provided each year during the term of this loan, including, but not limited to, financial statements, tenancy schedule, lease(s), confirmation of adequate insurance coverage, and paid property taxes. Non-compliance shall be deemed an event of default under the Commitment Letter and Security.

**S. Outstanding Work Orders:**

There shall be no outstanding work orders/deficiencies affecting the Property during the Term.

**T. Syndication:**

Citizens shall have the right to syndicate, sell, assign or transfer all or any portion of the loan in its sole discretion, whether directly or by way of securitization. The Borrower and/or Covenantor(s), as applicable, hereby authorize Citizens to release any information in Citizens file to a potential participant in such a transaction.

**U. Bank's Role:**

Nothing contained in this Commitment or any related documentation shall in any way be deemed to be or be construed as creating the relationship of joint venturers or partners or co-venturers between the Borrower and Citizens. The parties each acknowledge and agree that the relationship between them is solely and exclusively one of Borrower and Lender.

**V. Broker's Role:**

It is acknowledged by the Borrower and Citizens that any broker or agency through which this Commitment letter is transmitted, as applicable under the circumstances, is an independent professional. As such, the broker's role is one of facilitation and provision of advice and service to both the Borrower and Citizens. Fees for these services are the Borrower's sole responsibility, settlement of which may be considered a precondition to any advance of funds by Citizens.

**W. Privacy Act Consent:**

With regard to any personal information that is provided during this application process, the Borrower and Covenantor(s) consent to the collection, use, and disclosure of that information for the following purposes: to provide financial services; to understand their financial and banking needs; to develop, manage and deliver products and services; to determine their eligibility for different products and services; to ensure that they receive a high standard of service; to meet regulatory requirements; to manage and transfer the assets and liabilities of Citizens; and to verify their identities. Citizens may from time to time give this personal information to credit bureaus and other financial institutions. Citizens may also share this personal information with anyone who works with or for Citizens, but only as needed for the provision of the products and services requested.

**X. Credit Report(s):**

The Borrower and Covenantor(s), as applicable, hereby authorize Citizens to obtain such credit report(s) as may be deemed necessary from time to time in connection with this loan.

**Y. Expenses:**

All expenses associated with this Commitment including, but not limited to, legal, appraisal, environmental, inspection, survey and insurance, are for the Borrower's account. The Borrower is solely responsible for the settlement of all expenses whether or not the legal documentation is completed, or any funds are advanced hereunder. At the discretion of Citizens, any unpaid expenses may be deducted from the proceeds of the loan advance(s).

**Z. Ethical Policy:**

Citizens Bank works with people to help them thrive and prosper. We engage people in a different way of banking that contributes to a better world and are committed to be social, environmental, and ethical leaders. We expect to work with organizations that meet or exceed generally accepted standards of good business conduct, including compliance with relevant laws and regulations. We seek to work with organizations that demonstrate a commitment to:

- Ethical Business Practices
- Environmental Leadership
- Respect and Fair Treatment
- Healthy Communities
- Peaceful Communities

We welcome the opportunity to work with organizations taking significant steps to improve their social, environmental, and ethical performance.

**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

**071548218**

ORDER NUMBER: 38505427

**ADVISORY**

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**Please contact the Land Titles Office at (780) 422-7874 if the image of the document is not legible.**



## LAND TITLES ACT

### MORTGAGE

**LOUISE BLOCK CAPITAL CORP.**, a corporation incorporated under the laws of the Province of Alberta and having an office at 400, 630-8<sup>th</sup> Avenue SW, Calgary, AB T2P 1G6 (hereinafter referred to as the "Mortgagor") as general partner of **LOUISE BLOCK LIMITED PARTNERSHIP**, being registered as owner of an estate in fee simple in possession of that piece of land situated in the Province of Alberta described as follows:

**PLAN A**  
**BLOCK 72**  
**LOTS 37 TO 40 INCLUSIVE**

(which together with the buildings, improvements and fixtures thereon and therein being referred to as the "Land" or "Lands").

**IN CONSIDERATION** of the sum of **\$4,800,000.00** of lawful money of Canada, (the "Principal Sum") lent to **LOUISE BLOCK CAPITAL CORP.** and /or **LOUISE BLOCK LIMITED PARTNERSHIP**, by **CITIZENS BANK OF CANADA** (hereinafter referred to as the "Mortgagee") a Canadian chartered bank having an office at #710 - 815 West Hastings Street, Vancouver, British Columbia, V6C 1B4, the receipt of which sum the Mortgagor does hereby acknowledge, **HEREBY COVENANTS WITH** the Mortgagee as follows:

#### PAYMENTS

1. That the Mortgagor will pay to the Mortgagee in lawful money of Canada, the Principal Sum as aforesaid and interest thereon at **6.10%** per annum, calculated half-yearly not in advance, before maturity, both before and after default, and both before and after judgment on this mortgage (which interest rate calculated as aforesaid is sometimes hereinafter referred to as the "Mortgage Rate") as follows:
  - (a) interest at the Mortgage Rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and be paid on December 1, 2007 (hereinafter referred to as the "Date for Adjustment of Interest") on which date all accrued interest owing hereunder shall be paid; and
  - (b) thereafter the aforesaid sum together with interest thereon at the Mortgage Rate, computed from the Date for Adjustment of Interest, shall become due and be paid by monthly instalments of \$30,997.00 each (which include principal and interest) on the first day of each and every month in each and every year from and including January 1, 2008 to and including December 1, 2012 (the "Fixed Rate Term"). The said monthly instalments each when received are to be applied firstly to the interest calculated as aforesaid and the balance, if any, of the said monthly instalments shall be applied on the account of and in reduction of principal, provided however that if the Mortgagor is in default under any provision of this mortgage then during such period of default, the Mortgagee may apply such payments to interest, principal or any other moneys payable under this mortgage in whatever order or manner which the Mortgagee elects.
2. (a) In the event the Mortgagor does not repay the principal, interest and all other moneys owed upon maturity of the Fixed Rate Term which it shall have the right to do, and in the absence of formal renewal, the Mortgagor will pay to the Mortgagee in lawful money of Canada **on demand** the Principal Sum, or so much thereof as is outstanding at the time of demand, together with interest thereon at a variable rate per annum equal to **5%** per annum above the prime rate (as hereinafter defined) of the Mortgagee in effect from time to time, calculated monthly not in advance as well after as before maturity, default and judgment, on the Principal Sum remaining unpaid from time to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment and after maturity and computed from the last day of the Fixed Rate Term, which interest shall become due and be paid in monthly instalments on the first day of each month

commencing the month next following the month in which the last day of the Fixed Rate Term occurs. The Mortgagee's prime rate means the annual rate of interest announced from time to time by the Mortgagee, Main Branch, Vancouver, British Columbia as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. A Certificate of a Vice-President of the said Bank shall be conclusive evidence of the said Bank's prime rate from time to time. In the event that the said Bank's prime rate is either increased or decreased from time to time while monies are owing by the Mortgagor hereunder, then the interest rate payable hereunder shall be increased or decreased accordingly. If for any reason the prime interest rate cannot be established for any period then such rate for such period shall be deemed to be the prime interest rate in effect immediately prior to such period of time.

- (b) If demand has not been previously made by the Mortgagee, the balance of the Principal Sum, if any, interest thereon and any other moneys payable hereunder shall be payable by the Mortgagor on the day which is 180 days from the last day of the Fixed Rate Term.

#### AMENDMENTS

3. That in the event the monies advanced hereunder are not advanced by the contemplated date or the Date for Adjustment of Interest, if any, then the Mortgagee may, at its sole option, amend any or all of the date for adjustment of interest, the date of the first payment and the date of the final payment herein, by notice in writing to the Mortgagor and/or by way of an amending agreement which agreement the Mortgagor agrees to execute promptly and return to the Mortgagee's solicitor.

#### COMPOUND INTEREST

4. It is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in one month from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the said Lands.

#### RENEWALS

5. In the event that this mortgage shall be renewed or extended, such renewal or extension (and the rate of interest, term, instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, its successors in title and assigns, and all subsequent mortgages, encumbrances and other interests in or of the mortgaged premises (subsequent to this Mortgage and together hereinafter called "Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in this Mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at the Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor and his own client basis). In the event the within Mortgagor is a corporation, no such renewal or extension, even if made by a successor in title to the Mortgagor named herein and whether or not the Mortgagor shall consent thereto, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal or extension and shall apply to this Mortgage as renewed or extended.

### PREPAYMENT

6. Provided that the Mortgagor is not in default under this mortgage, or under any other security, the Mortgagor shall have the right to prepay the loan at any time during the term, in whole or in part, upon payment to the Mortgagee the greater of:
- (a) an additional 3 months of contract mortgage interest on the amount so prepaid; or
  - (b) a yield maintenance fee based upon the difference between the contract mortgage interest rate, and the appropriate Government of Canada bond or treasury bill yield for the remaining term, as calculated by the Mortgagee.

### TAXES

7. That, subject as hereinafter in this paragraph provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or premises thereon or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges and all taxes and levies made or assessed in lieu of real property taxes (hereinafter together referred to as "taxes") the Mortgagor shall provide the Mortgagee with a paid receipted tax bill by August 1, of each year, and in the event the Mortgagor should default in payment of same, the Mortgagee shall have the right to implement any of the following:
- (a) the Mortgagee may deduct from time to time, from advances of moneys under this mortgage, amounts sufficient to pay the taxes which have become due and payable or will have become due and payable and are unpaid from time to time as advances are made;
  - (b) the Mortgagor shall in each year during the currency hereof at the request of the Mortgagee pay to the Mortgagee in equal monthly instalments, such amounts as the Mortgagee may estimate as being the annual taxes next becoming due and payable, the said monthly instalments to be paid with and in addition to the monthly instalments of interest due and payable under this mortgage, and the Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes such additional sums as may be requisite to enable the Mortgagee to pay out of such monthly instalments and additional payments, the whole amount of the annual taxes on or before the due date thereof;
  - (c) notwithstanding the foregoing provisions, the Mortgagee may deduct from any advance or advances of the moneys secured by this mortgage, an amount or amounts, estimated by the Mortgagee, which together with the ensuing monthly payments by the Mortgagor to the Mortgagee on account of taxes as estimated by the Mortgagee, will be sufficient to fully pay and discharge such taxes as may be levied following the date that the first monthly instalment is due hereunder. If the taxes in respect of which such deduction is to be made are not yet due and payable when advances are made hereunder, the Mortgagee may estimate the amount of such taxes, which estimate shall be deemed to be the amount of such taxes for the purpose of such deduction. If the amount of taxes that are levied exceed the estimated amount, then such excess shall forthwith become due and payable by the Mortgagor to the Mortgagee in addition to the other payments herein provided to be made;
  - (d) notwithstanding the foregoing, where the period between the date that the first monthly instalment is due hereunder and the next following due date for taxes is less than one year, the Mortgagee may at its option and as an alternative to or in addition to deduction of tax payment moneys from advances, require the Mortgagor to pay (and the Mortgagor shall pay accordingly) to the Mortgagee in equal monthly instalments during such period and during the next succeeding twelve-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said succeeding twelve-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said

succeeding twelve-month period expires; and the Mortgagor shall also pay to the Mortgagee forthwith on demand the amount, if any, by which the actual taxes exceed such estimated amount;

- (e) so long as an Event of Default has not occurred, the Mortgagee shall apply such deduction and payments on the taxes as they become due, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly, nor to pay the same in advance of the due date for payment of the same. Provided however, that if (before any sum or sums so paid to the Mortgagee shall have been so applied) an Event of Default shall have occurred, the Mortgagee may, at its option, apply such sum or sums in or towards payment of the principal, interest and/or other amount in default;
- (f) in default of the payment by the Mortgagor of moneys for taxes as aforesaid, then the Mortgagee may pay such taxes. The Mortgagee may also pay any liens, charges and encumbrances which may be charged against the Land. All moneys expended by the Mortgagee for any of such purposes together with interest thereon at the Mortgage Rate shall be added to the Principal Sum hereby secured, and repaid by the Mortgagor to the Mortgagee forthwith, and until repaid shall be a charge on the Land;
- (g) if the Land or any part thereof becomes subject to sale or forfeiture for nonpayment of taxes while any sum remains unpaid under this mortgage, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the Mortgagor's name or on the Mortgagor's behalf, any and all sums necessary to be paid to redeem the Land so sold or forfeited, and to re-vest the Land in the Mortgagor, and the Mortgagor hereby nominates and appoints the Mortgagee agent of the Mortgagor to pay such moneys on the Mortgagor's behalf and in the Mortgagor's name, and any moneys so expended by the Mortgagee shall be repaid by the Mortgagor forthwith and until repaid shall be a charge on the Land, or in the alternative the Mortgagee shall have the right to bid on and purchase the Land at any tax sale of the same and shall thereupon become the absolute owner thereof;
- (h) the Mortgagor shall transmit to the Mortgagee all tax bills and other notices affecting the imposition of taxes forthwith after receipt of same by the Mortgagor, and the Mortgagor authorizes the Mortgagee to obtain any tax or assessment information concerning the Land directly from the municipal taxing authority having jurisdiction over the Land.

## INSURANCE

8. That,

- (a) the Mortgagor will at the Mortgagor's expense, forthwith insure or cause to be insured, and during the continuance of this security keep insured in favour of the Mortgagee, every building, structure, improvement and fixture, including replacements therefor, on or which may hereafter be erected or placed on the Lands, including all plate glass, plant, equipment, apparatus and machinery of every kind now or hereafter located therein, thereon or used in connection therewith, and all personal property including, contents thereof to the extent that they are the property of the Mortgagor, (collectively, the "Mortgaged Premises") on an all risks basis, or as otherwise allowed by the Mortgagee, including coverage for course of construction, earthquake, flood and such other risks or perils as the Mortgagee may require or consider expedient and satisfactory to the Mortgagee, including and pursuant to the following coverages, provisions and conditions:
  - (i) the limit of insurance shall not be less than 100% of new replacement cost including recurring soft costs and costs of foundations and all parts below ground level;
  - (ii) any co-insurance clause contained in the policy shall be a stated amount co-insurance clause;

- (iii) the policy shall include an Insurance Bureau of Canada standard mortgage clause or its equivalent;
  - (iv) losses shall be made payable to the Mortgagee according to its interest;
  - (v) rental income coverage on an "all risks" basis sufficient to cover 100% of the gross annual revenues, including rents and if leases are on a net-net basis, the equivalent gross revenues, including rentals for a period of not less than 6 months; or if the property is owner-occupied, business interruption coverage;
- (b) the Mortgagor will maintain liability insurance coverage at least equivalent in scope to a Commercial General Liability form, such insurance to be in the minimum amount of \$5,000,000 per occurrence, to include all required extensions of liability;
  - (c) immediately upon request, the Mortgagor will deliver to the Mortgagee the policy or policies, certificate or certificates of insurance or such other evidence of insurance as the Mortgagee may reasonably require, and, prior to their due date, proof of payment of the premiums and renewal premiums therefor;
  - (d) all policies shall be with insurers and subject to terms and conditions satisfactory to the Mortgagee. Any deviation from these requirements shall be approved in writing by the Mortgagee. The policies must provide for 30 days written notice to the Mortgagee of material alteration or cancellation and must be signed by the insurer(s) or their authorized representative(s);
  - (e) if the Mortgagor shall neglect to keep any of the Land or the Mortgaged Premises insured as aforesaid, or to deliver such policy or policies, certificate or certificates and evidence proving payment of premiums or renewal premiums when requested by the Mortgagee, or to produce to the Mortgagee at least thirty (30) days before the termination of such insurance evidence of the renewal thereof, the Mortgagee shall, without reference to the Mortgagor, be entitled (but shall not be obliged) to insure the Land, or any part thereof, and for such amount or amounts as the Mortgagee may from time to time deem expedient, and the amount of any premiums paid by the Mortgagee shall bear interest at the Mortgage Rate and until repaid, shall be added to the amount hereby secured and be a charge upon the Land;
  - (f) immediately upon the occurrence of any loss or damage, the Mortgagor at its own expense will furnish all necessary proof and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys;
  - (g) if any cheque issued by an insurer in complete or partial settlement of an insurance claim pursuant to the coverages above other than the coverage for general public liability insurance is given, sent or delivered to the Mortgagor or the solicitor or agent of the Mortgagor, then the Mortgagor shall cause such cheque to be delivered to the Mortgagee forthwith and if any such cheque is made payable to the Mortgagor alone or jointly to the Mortgagor and another or others, then the Mortgagor shall forthwith endorse and deliver such cheque over to the Mortgagee, and the Mortgagor does hereby constitute the Mortgagee as the Mortgagor's true and lawful attorney to receive and endorse any such cheque for an on behalf of the Mortgagor; and
  - (h) all monies received by virtue of such policy or policies of insurance may at the option of the Mortgagee either be applied in or towards substantially rebuilding, reinstating or repairing the Lands or in or towards the payment of the Principal Sum, interest and other amounts secured hereby, whether or not the same are then due, in such manner as the Mortgagee shall from time to time determine, or may be paid in full or in part to the Mortgagor or its assigns, or may be applied or paid partly in one way and partly in another, as the Mortgagee may determine.

PAYMENT METHOD

9. That the Mortgagor shall from time to time as required, provide a signed pre-authorized withdrawal form /or forms directed to the bank or financial institution at which the Mortgagor regularly keeps a chequing account, in such form and manner so as to enable the Mortgagee to receive payments from time to time of the monthly instalments payable hereunder and/or the Mortgagee's estimate of the monthly instalment for property taxes, from the Mortgagor's account with such bank or financial institution. In the alternative, the Mortgagee may at its exclusive option and from time to time, require the Mortgagor to (and if so required the Mortgagor shall) provide the Mortgagee with a series of twelve post-dated cheques each to cover such monthly instalments, payable at par at any office of the Mortgagee in Alberta designated for payment, to cover such monthly payments for any consecutive twelve month period during the term hereof. Any payments received by the Mortgagee which are payable on a non-juridical day on or after receipt thereof, shall be credited to the mortgage account on the next juridical day thereafter.

CONSTRUCTION

10. The Mortgagor agrees with the Mortgagee that:
- (a) the building or buildings being erected or to be erected on the Land form part of the security for the full amount of the moneys secured by this mortgage;
  - (b) all advances on this mortgage are to be made from time to time in the future in accordance with the progress of construction of such building or buildings or upon its or their completion and occupation;
  - (c) the Mortgagor will construct the building, buildings, and other improvements on the Land in accordance with plans and specifications which have been or which may hereafter be approved by the Mortgagee, in accordance with applicable building codes, in accordance with the Mortgagee's construction standards, and will carry on diligently to completion the construction of the said building, buildings, and other improvements, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations and will, when so required by the Mortgagee, supply the Mortgagee with evidence or confirmation from any such municipal or governmental authority of such compliance;
  - (d) in the event that any such building, buildings and other improvements now or hereafter in the course of construction remain unfinished and without any work being done for a period of ten consecutive days, the Mortgagee may enter the Land and do all work necessary to protect the same from deterioration and to complete the construction in such manner as the Mortgagee may deem expedient and through such contractors, sub-contractors, or agents as the Mortgagee in its sole discretion may choose, and any moneys expended by the Mortgagee pursuant to this subclause shall be a charge on the Land and bear interest at the Mortgage Rate and shall be deemed to constitute part of the mortgage moneys. No such entry or occupation by the Mortgagee shall constitute or be deemed to make the Mortgagee a mortgagee in possession;
  - (e) the Mortgagee shall be entitled, at the expense of the Mortgagor, to inspect all aspects of the construction and make tests of materials, and the Mortgagor will not cover any portion of the construction work requiring inspection by the Mortgagee until the Mortgagee has inspected the same, and the Mortgagor shall forthwith remedy and carry out again any work which does not conform to the Mortgagee's reasonable requirements;
  - (f) the Mortgagee shall not be obliged to hold back loan proceeds to provide the lien fund or other protection to the Mortgagor under the *Builders' Lien Act* (Alberta); provided that if the Mortgagee holds back loan proceeds in a manner similar to the way the said Act provides for an owner to make holdbacks then, notwithstanding such holdbacks by the Mortgagee, such holdbacks shall not constitute the lien fund under the said Act and the Mortgagee shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

## CONDOMINIUM

11. That in the event the Land is or becomes a Condominium within the *Condominium Property Act* (Alberta), the Mortgagor further covenants with the Mortgagee that:
- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act* (Alberta), its regulations and the bylaws, rules and regulations of the Condominium Corporation from time to time in force.
  - (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the Condominium Corporation in respect of the unit charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee upon the occurrence of an Event of Default. Upon default under this paragraph and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may pay the assessments, and any assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the land.
  - (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the Condominium Corporation for certification of the amount and manner in which any Assessment is payable and the extent to which such Assessment has been paid.
  - (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the Condominium Corporation:
    - (i) In all cases in which a Unanimous Resolution is required by the *Condominium Property Act* (Alberta), as amended, the Bylaws of the Condominium Corporation or any Agreement with the Condominium Corporation;
    - (ii) In all other cases other than as referred to in (i) of this clause, provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
  - (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the Condominium Corporation it shall, if directed by the Mortgagee, vote in such manner as the Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.
  - (f) If requested by the Mortgagee, at least five (5) days prior to each and every general meeting of the Condominium Corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the bylaws, rules and regulations of the Condominium Corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the Condominium Corporation as the Mortgagor may from time to time receive.
  - (g) Upon the occurrence of an Event of Default and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any assessment, contribution, charge, fine or levy in respect of a unit and paid by it and such distraint shall not result in the Mortgagee being a Mortgagee in possession.

### INSPECTION

12. That the Mortgagee, at such time or times as it may deem necessary, and without the concurrence of any other person, may send its inspector or agent to report upon the value, state and condition of the said Lands and premises thereon, and make arrangements for the improving, repairing, finishing and putting in order of any building or improvements on the said Lands, and for leasing, collecting the rents of and managing generally the mortgaged property, and may expend money, for any and all the purposes aforesaid, as it may deem expedient, and all moneys expended, costs, charges and expenses, including allowance for the time and service of any officer or employee of the Mortgagee, or other person appointed for any of the above purposes, shall be forthwith payable to the Mortgagee and the Mortgagor hereby covenants to pay the same, and the same shall be added to and become part of the Principal Sum hereby secured and shall be a charge upon the said Lands, and shall until paid bear interest at the rate hereinbefore provided.

### RESTRICTION ON TRANSFER

13. That in the event that portions of the mortgage loan proceeds are to be advanced from time to time, the Mortgagor shall not convey, transfer, mortgage, alienate, or otherwise encumber the Land nor allow the Land to be encumbered, until the full amount of the mortgage loan proceeds hereby secured shall have been advanced or until such time as it is determined that no further mortgage loan proceeds will be advanced; and any such dealing with the Land shall be deemed a breach of covenant unless and until the Mortgagee has expressly consented thereto.

### ADVANCES

14. That neither the execution nor the registration nor the acceptance of this mortgage, nor the advance of part of the money secured hereby, shall bind the Mortgagee to advance the said Principal Sum or any unadvanced portion thereof notwithstanding the provisions of the loan approval or commitment letter issued by the Mortgagee with respect to this mortgage, but nevertheless this mortgage shall take effect forthwith on the execution of these presents, and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates, and the amount of such advances then so made together with interest at the Mortgage Rate shall be secured hereby.

### SUBROGATION

15. That in the event that the mortgage moneys advanced hereunder or any part thereof, are applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off, shall be final and binding on the Mortgagor.

### WASTE

16. That the Mortgagor will not commit any act of waste on the said Lands or premises thereon or do any other thing by which the value of the said Lands or premises shall in the opinion of the Mortgagee be diminished and will at all times remain in actual possession of the said Lands. The Mortgagor will take good and reasonable care of all buildings and/or structures and improvements now or hereafter from time to time erected on the said Lands and without cost and expense to the Mortgagee manage, operate, maintain and keep or cause the same to be kept in good order, repair and condition throughout, both exterior and interior, structural or otherwise, and promptly make all required or necessary repairs and replacements thereto, including without limitation, the roof, walls, foundations and appurtenances, pipes and mains, and all other fixtures, machinery, facilities and equipment that belong to or are used in connection with the said Lands, all of the foregoing to the extent that a prudent owner would do. Notwithstanding the foregoing, the Mortgagor shall not be obligated to repair any damage caused by reasonable wear and tear which does not affect the use and enjoyment of the improvements beyond the extent to which they would ordinarily be repaired by a prudent owner. If, in the opinion of the Mortgagee, the said Lands are not at any time in



proper state of repair, the Mortgagee may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a period of thirty (30) days and in the event of the Mortgagor not having complied or not being in the process of diligently complying with such requisition, the Mortgagee may authorize the making of such repairs or replacements by its agents, employees or contractors and they may enter upon the said Lands for the purpose of doing such work with or without the Mortgagor's concurrence and the cost thereof shall be repaid to the Mortgagee by the Mortgagor and until paid shall be secured by this Mortgage, shall bear interest until paid at the said rate and shall (together with the said interest) be a charge upon the Lands.

#### FIXTURES

17. That all erections, buildings, fences, improvements, machinery, plant, furnaces, boilers, electric light fixtures, plumbing and heating equipment, aerials, incinerators, radiators and covers, fixed mirrors, fitted blinds and drapes, window screens, doors, storm windows and storm doors, shutters and awnings, floor coverings, air conditioning, ventilating, water heating equipment, partitions, elevators, and all component parts of any of the foregoing, fixed or otherwise now on or in or hereafter put on or in the said Lands or premises (and also in all cases where the buildings on the Lands hereby mortgaged are apartments rented in whole or in part all refrigeration equipment, gas and electric stoves, ovens, washers, dryers, garburators, garbage compactors, microwave ovens and dishwashers whether affixed or not) are and shall in addition to other fixtures thereon be and become fixtures and form part of the realty and of the security and are included in the expression "the Lands", and that the Mortgagor will not commit any act of waste thereon, and that the Mortgagor will at all times during the continuance of this security the same repair, maintain, restore, amend, keep, make good, finish, add to and put in order and in the event of any loss or damage thereto or destruction thereof the Mortgagee may give notice to the Mortgagor to repair, rebuild, or reinstate the same within a time to be determined by the Mortgagee and to be stated in such notice, and upon the Mortgagor failing so to repair, rebuild, or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the mortgage moneys shall at the option of the Mortgagee become immediately due and payable and that without any demand by the Mortgagee upon the Mortgagor, provided that the Mortgagee may (but shall not be obligated to) repair, rebuild or reinstate the Lands at the cost of the Mortgagor and charge all sums of money determined by the Mortgagee to be properly paid therefor to the mortgage account. This provision shall be in addition to any statutory covenants implied in this Mortgage.

#### ALTERATIONS

18. That the Mortgagor shall not make or permit to be made, any additions or alterations to the Land without the written consent of the Mortgagee; and the Mortgagor shall not use the Land nor permit the Land to be used, without the written consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee in the application for this mortgage.

#### PLACE OF PAYMENT

19. That all moneys whether the Principal Sum, interest, or any other moneys payable to the Mortgagee under the terms of this mortgage shall be payable, in lawful money of Canada, to the Mortgagee at its address hereinbefore stated, or such other place as may be designated by the Mortgagee from time to time.

#### CROSS-DEFAULT

20. That in the event the Mortgagee requires other agreements, documents, mortgages, chattel mortgages, assignments of rentals, assignments of leases or any other security (herein referred to collectively as "Such Other Securities") in connection with this mortgage loan or as a condition precedent to the advance of the loan proceeds or any portion thereof, then the Mortgagor shall provide the Mortgagee such of Such Other Securities as may be required by the Mortgagee in form and content satisfactory to the Mortgagee. The occurrence of an Event of Default hereunder shall constitute default under any of Such Other Securities as may have been granted to the Mortgagee, and default under any of Such Other Securities granted to the Mortgagee shall constitute default hereunder, and the Mortgagee may, upon default under any thereof pursue its remedies separately under each of Such Other Securities and this mortgage, or jointly all

together, or jointly one with any other or others of Such Other Securities and this mortgage, without any of the rights and remedies of the Mortgagee not so pursued merging therewith or with any action or judgment with respect thereto.

#### SUBSTITUTE MORTGAGE

21. That in the event that this mortgage is granted by the Mortgagor in replacement of or in substitution for another mortgage granted by the Mortgagor to the Mortgagee (the "earlier mortgage") with respect to the Land, then the Mortgagee shall be entitled (notwithstanding that the mortgage account numbers for the earlier mortgage and this mortgage are the same and notwithstanding that the Mortgagee does nothing more than note on its file that this mortgage is in replacement of or substitution for the earlier mortgage) to advance under this mortgage, by way of internal transfer of mortgage accounts, the amount owing under the earlier mortgage, and upon such internal transfer of mortgage accounts it shall be deemed that the amount thereby transferred as aforesaid, is advanced hereunder.

#### RELEASE OF SECURITY

22. That the Mortgagee may at any time release any part or parts of the Land or any other security or any surety for payment of all or any part of the moneys herein secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the said moneys or any part thereof, either with or without any consideration therefor, without being accountable for the value of any such consideration or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Land or any other securities or covenants, it being specifically agreed that notwithstanding any such release, the Land, securities and covenants remaining unreleased shall stand charged with the whole of the moneys hereby secured, and no person shall have the right to require the mortgage moneys to be apportioned.

#### WAIVER

23. That no extension of time, waiver, or other indulgence given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor, or any other person liable for payment of the moneys hereby secured.

#### USE OF MONEY

24. That the Mortgagee shall not be charged with any moneys receivable or collectible out of the Land or otherwise, except those actually received; and all revenue of the Land received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the Land, or in payment of taxes or other charges against the Land, or applied on the mortgage account, and the Mortgagee may (at its option) retain such moneys received or collected, in suspense account and shall not be under any liability to pay interest on any sums in suspense account; and the Mortgagee shall not, by reason of the collection of any moneys receivable or collectible out of the Land, be deemed to be a mortgagee in possession.

#### LIABILITY OF MORTGAGOR

25. That no sale or other dealings by the Mortgagor with the Land or any part thereof, shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the moneys hereby secured.

#### ATTORNMEN

26. That for better securing the punctual payment of the said mortgage moneys, the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Land at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on such day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of

the *Bankruptcy and Insolvency Act of Canada* as amended, or shall take the benefit of any statute relating to bankruptcy or insolvent debtors, then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue hereof, shall render the Mortgagee a mortgagee in possession or accountable for any moneys except those actually received. The Mortgagee may at any time after default hereunder enter upon the Land, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.

#### RECORDS

27. That if the Mortgagor derives income from the Land, the Mortgagor will maintain full and correct books and records showing in detail the earnings and expenses of the Land, and will permit the Mortgagee and its representatives to examine the said books and records and all supporting vouchers and data at any time and from time to time upon request by the Mortgagee, and at any time and from time to time will furnish the Mortgagee at its request within Thirty (30) days of such request, a statement showing in detail all such earnings and expenses since the last such statement, verified by statutory declaration of the Mortgagor, or the chief executive officer of the Mortgagor, if the Mortgagor is a corporation.

#### ASSIGNMENT OF RENTS

28. That if the Land or any portion thereof now or at any time hereafter produces rental revenue or is intended to produce rental revenue, then the Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all leases and tenancies, present and future, including guarantees thereof and/or (at the Mortgagee's sole option) all rents due or accruing due or at any time hereafter to become due under all leases or tenancies, present and future, now existing or at any time hereafter made in respect of the Land or any part thereof, to have and to hold unto the Mortgagee until all moneys owing and all obligations of the Mortgagor in respect of this mortgage have been fully paid and fulfilled, subject to the following terms and conditions:
- (a) upon the occurrence of an Event of Default, the Mortgagee shall be entitled to give notice to the tenants of the Land or any portion thereof to pay the rent to the Mortgagee and the Mortgagee may collect the rents and revenues thereof, and distrain in the name of the Mortgagor for the same;
  - (b) the Mortgagee may give good and sufficient receipts and discharges for rents received;
  - (c) the Mortgagee may apply the rentals collected by it towards arrears and maturing payments of interest and principal under this mortgage, then towards the payment of taxes, insurance, heating, repairs, renovations and upkeep and other expenses or carrying charges connected with the Lands;
  - (d) where any discretionary powers hereunder are vested in the Mortgagee or its agents, the same may be exercised by any officer, investment manager or manager of the Mortgagee, or its appointed agents, as the case may be;
  - (e) the Mortgagee shall under no circumstances become mortgagee in possession, or liable to account to the Mortgagor or credit the Mortgagor with any moneys on account of the mortgage except those which shall come into its hands, and the subject to all deductions and payments made out of the rentals received from the Land as herein provided;
  - (f) the Mortgagee may exercise the rights conferred upon it under this clause without the formal appointment of a receiver under other provisions of this mortgage and without the necessity of first commencing legal proceedings with respect to the Mortgagor's default giving rise to the Mortgagee's right to give notice to tenants under this clause;
  - (g) whenever any and all defaults under this mortgage have been cured after the exercise by the Mortgagee of its rights under this clause, the Mortgagor may resume collection of the rentals until a further Event of Default has occurred, whereupon the Mortgagee may re-exercise its rights hereunder, and thereafter at any time any Event of Default occurs;

- (h) the Mortgagor shall not at any time during the existence of this mortgage assign, pledge or hypothecate any lease, leases, or tenancies, now or hereafter existing in respect of the Land or the rents or revenues due or to become due thereunder, or any part thereof, other than to the Mortgagee; nor shall the Mortgagor grant any general assignment of book debts which would cover such rentals;
- (i) the Mortgagor shall not collect more than one (1) month's rental in advance;
- (j) neither the taking of this assignment nor anything done in pursuance hereof shall make the Mortgagee liable in any way, as landlord or otherwise, for the performance of any covenants, obligations and liabilities under the said leases or tenancies or any of them; and
- (k) the exercise of this clause or of any collateral security with respect to rentals shall not entitle the Mortgagor to redeem this mortgage.

#### EVENT OF DEFAULT

29. Any one or more of the following events shall constitute an default under the provisions of this Mortgage (an "Event of Default"), whether such Event of Default shall be voluntary or involuntary or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or other rule or regulation of any administrative or governmental authority:
- (a) the Mortgagor or any joint debtor fails to pay on the date upon which the same is due and payable any monies payable hereunder, under Such Other Securities or pursuant to the Commitment Letter (as hereinafter defined), including without limitation any principal or interest;
  - (b) the Mortgagor, any joint debtor or any covenantor as provided in the Commitment Letter (the "Covenantor") fails to perform or observe any of the terms and conditions contained in this mortgage, Such Other Securities or pursuant to the Commitment Letter (to the extent that the Mortgagor, any joint debtor or any Covenantor is a party to such security document or agreement);
  - (c) any representation or warranty contained in this mortgage, Such Other Securities, the Commitment Letter or in any other document or certificate furnished to the Mortgagee in connection herewith or therewith shall prove at any time to be materially incorrect as of the date made;
  - (d) a resolution is passed or an order is made for the dissolution, liquidation or winding-up of the Mortgagor, any joint debtor or any Covenantor or other cancellation or suspension of its incorporation or if a petition is filed for the winding-up of the Mortgagor, any joint debtor or any Covenantor;
  - (e) the Mortgagor, any joint debtor or any Covenantor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada), become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada) or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or makes a proposal or general assignment for the benefit of its creditors or otherwise acknowledges its insolvency;
  - (f) the Mortgagor, any joint debtor or any Covenantor is found to be insolvent or bankrupt by a court of competent jurisdiction or makes an authorized assignment or bulk sale of its assets or a compromise or arrangement for the benefit of its creditors, makes a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada), seeks relief under the *Companies Creditors Arrangement Act* (Canada), or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian or other person with similar powers over all or any substantial portion of its assets, files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other

similar law affecting creditor's rights or consents to, or acquiesces in, the filing of such a petition; or if a petition in bankruptcy is filed or presented against the Mortgagor, any joint debtor or any Covenantor;

- (g) any proceedings with respect to the Mortgagor, any joint debtor or any Covenantor are commenced under the *Companies Creditors Arrangement Act* (Canada);
- (h) an encumbrancer takes possession of the property of the Mortgagor, any joint debtor or any Covenantor, or any distress or analogous process is levied upon the Mortgagor, any joint debtor or any Covenantor provided that this subclause shall not apply to any judgment, court order for the payment of money, execution, sequestration, extant or other process that is being contested in good faith if reserves deemed by the Mortgagee to be adequate therefor have been set aside with the Mortgagee or insurance coverage acceptable to the Mortgagee is held, as the case may be, and if there is no adverse effect on the Mortgagee's security position;
- (i) the Mortgagor, any joint debtor or any Covenantor shall permit any sum which has been admitted as due or which is not disputed to be due and which forms or is capable of forming a charge, lien, encumbrance or claim upon the Lands in priority to or *pari passu* with the charge or security interest created by this mortgage and Such Other Securities, to remain unpaid after proceedings have been taken to enforce the same as a charge, lien, encumbrance or claim;
- (j) the occurrence of a default under any other security or agreement made or assumed by the Mortgagor, any joint debtor or any Covenantor in favour of any person in connection with the Land or made or assumed by the Mortgagor, any joint debtor, or any Covenantor in favour of the Mortgagee whether or not such security or agreement is in connection with the Land;
- (k) the Mortgagor does not forthwith comply with any work order issued by a municipal or provincial authority; or
- (l) a receiver, receiver-manager or receiver and manager of the Mortgagor, any joint debtor or any Covenantor of any material part of its properties, assets or undertakings is appointed, or if a monitor is appointed in respect of the Mortgagor, any joint debtor or any Covenantor.

#### RECEIVER

30. Upon the occurrence of an Event of Default, the Mortgagee may at such time and from time to time and with or without entry into possession of the Land or any part thereof, appoint a receiver or a manager or a receiver and manager of the Land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor. Such appointment may be made at any time either before or after the Mortgagee shall have entered into or taken possession of the Land or any part thereof. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:
- (a) the statutory declaration of an officer of the Mortgagee as to default under the provisions of this mortgage, shall be conclusive evidence thereof;
  - (b) every such receiver shall be the irrevocable agent or attorney of the Mortgagor for the collection of all rents falling due in respect of the Land or any part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;
  - (c) every such receiver may, in the discretion of the Mortgagee and by writing under its corporate seal, be vested with all or any of the powers and discretions of the Mortgagee;
  - (d) the Mortgagee may from time to time, by such writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the rents from the Land or from the proceeds of the judicial sale of the Land;

- (c) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent of the Mortgagee, and the Mortgagee shall not in any way be responsible for any acts or omissions (including negligence, misconduct or misfeasance) on the part of any such receiver;
- (f) the appointment of every such receiver by the Mortgagee shall not incur to create any liability on the part of the Mortgagee to the receiver in any respect, and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any such receivership shall not have the effect of constituting the Mortgagee a mortgagee in possession in respect of the Land or any part thereof;
- (g) every such receiver shall from time to time have the power to rent any portion of the Land which may become vacant, for such term and subject to such provisions as he may deem advisable or expedient, and in so doing every such receiver shall act as the attorney or agent of the Mortgagor and he shall have authority to execute under seal any lease of such portion of the Land in the name of and on behalf of the Mortgagor, and the Mortgagor undertakes to ratify and confirm whatever any such receiver may do in respect of the Land;
- (h) every such receiver shall have full power to complete any unfinished construction upon the Land with the intent that the Land and the buildings thereon when so completed shall be a complete structure as represented by the Mortgagor to the Mortgagee for the purpose of obtaining this Mortgage loan;
- (i) every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Land or any part thereof in the name of the Mortgagor for the purpose of securing the payment of rental from the Land or any part thereof;
- (j) no such receiver shall be liable to the Mortgagor to account for moneys or damages other than cash received by him in respect of the Land or any part thereof, and out of such cash so received every such receiver shall, subject to the approval of the Mortgagee, in the following order, pay:
  - (i) his remuneration aforesaid;
  - (ii) all payments including, without limitation, costs as between solicitor and his own client made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the Land or any part thereof;
  - (iii) interest, principal and other moneys which may from time to time, be or become charged upon the Land in priority to these presents, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Land or any part thereof;
  - (iv) to the Mortgagee, all interest due or falling due under these presents and the balance to be applied upon principal due and payable and secured by these presents;
  - (v) into a reserve account in the name of the receiver, an appropriate sum of money as a reserve fund for unusual, emergency or lump sum payments or expenses with respect to the Land; and
  - (vi) any surplus thereafter remaining in the hands of every such receiver after payments made as aforesaid, to the Mortgagor;
- (k) save as to claims for an accounting under subclause (j) of this clause, the Mortgagor hereby releases and discharges every such receiver from every claim of every nature which may arise or accrue to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by any such receiver under the provisions of this clause, unless such claim by the direct and proximate result of dishonesty or gross neglect;

- (l) the power of sale, foreclosure and any other remedies of the Mortgagee may be exercised either before, concurrent with, during, or after the appointment of any receiver hereunder.

**RIGHTS OF MORTGAGEE**

31. That the Mortgagor further covenants and agrees with the Mortgagee that in the Event of Default being made in any of the covenants, agreements, provisos or stipulations expressed or implied herein:

- (a) the Mortgagee may, at the expense of the Mortgagor and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenants, agreements, provisos or stipulations;
- (b) the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrency of any person, enter upon the Land and may make such arrangements for completing the construction, repairing or putting in order of any buildings or other improvements on the Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Land as the Mortgagee may deem expedient; all reasonable costs, charges and expenses, including allowances for the time and services of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the Land and shall bear interest at the Mortgage Rate until paid;
- (c) the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Land, and a solicitor to examine and report upon the title to the same;
- (d) the Mortgagee or agent of the Mortgagee may enter into possession of the Land and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Land, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease;
- (e) it shall and may be lawful for and the Mortgagor does hereby grant full power, right and license to the Mortgagee to enter, seize and distrain upon the Land, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the Land or any part thereof, as much of the mortgage moneys as shall from time to time be or remain in arrears and unpaid, together with costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (f) the Mortgagee shall be entitled forthwith to take such proceedings to obtain repayment of the moneys and interest payable to the Mortgagee hereunder and to realize on its security under this mortgage by foreclosing the same or by whatever other action it may by law be entitled to do;
- (g) the Mortgagee shall be entitled to sell and dispose of the Land with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the Land; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this mortgage may be exercised; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Land hereunder, and the Mortgagee may sell, transfer and convey any part of the Land on such terms of credit, or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall in the opinion of the Mortgagee be most advantageous, and for such price as can reasonably be obtained therefor; and in the event of a sale on credit, or part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any moneys until the same shall be actually received in cash; and the sales may be made from time to time of any portion or portions of the Land to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make stipulations as to the title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper; and the Mortgagee may

buy in or rescind or vary any contract for sale of the Land and any resale thereof; and on any sale or release, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; and in case any sale held by the Mortgagee under and by virtue of the laws of the Province of Alberta under the power of sale herein contained should prove abortive the Mortgagee may take foreclosure proceedings in respect of the Land in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the moneys secured by this mortgage remaining due to the Mortgagee after realizing all the Land, then Mortgagor will pay to the Mortgagee on demand the amount of such deficiency with interest at the Mortgage Rate both before and after judgment; and in the exercise of any of the foregoing powers, the Mortgagor hereby appoints the Mortgagee the attorney of the Mortgagor for the purpose of making any agreements and assurances on behalf of the Mortgagor as the Mortgagee may deem necessary; and the proceeds of any sale hereunder shall be applied as above provided for or in payment of moneys payable under this mortgage and costs on a solicitor and his own client basis, the balance, if any, to be paid to the Mortgagor;

- (h) the whole of the mortgage moneys shall, at the option of the Mortgagee, become due and payable;
- (i) the Mortgagee may exercise each of the foregoing powers without notice to the Mortgagor.

#### **EXERCISE OF RIGHTS**

- 32. Notwithstanding any other provision in this Mortgage, the Mortgagee may demand repayment of all amounts owing hereunder and exercise all of its rights hereunder, including without limitation pursuant to paragraphs titled "Receiver" and "Rights of Mortgagee" if:
  - (a) in the opinion of the Mortgagee, there has been a material adverse change associated with (i) the Lands, (ii) the financial status of the Mortgagor, or (iii) the financial status of any Covenantor; or
  - (b) the Mortgagor, any agent of the Mortgagor or any officers or director of the Mortgagor shall have made any material misrepresentation in connection with the loan or in the application for the loan.

#### **ATTORNEY**

- 33. As further assurance to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the Land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer or convey the Land in accordance with the provisions of this Mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the Land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

#### **JUDGMENT**

- 34. That the taking of a judgment on any of the covenants or agreements herein contained shall not operate as a merger thereof or affect the Mortgagee's rights to interest at the Mortgage Rate and at the times herein provided. Further, any and all such judgments shall provide for interest thereon to be computed at the Mortgage Rate and in the same manner as herein provided until the judgment shall have been fully paid and satisfied and, without limiting the generality of the foregoing, the Mortgagee shall be entitled to receive interest at the Mortgage Rate on all moneys payable to the Mortgagee under this mortgage, after any judgment has been rendered with respect to this mortgage until such judgment is fully satisfied.



**EXPENSES**

35. That all expenses, fees, charges or payments incurred, expended or paid by the Mortgagee (whether with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise) with respect to the following matters, that is to say:
- (a) all solicitors', inspectors', valuers' and surveyors' fees and expenses for drawing and registering this mortgage and for examining the Land and the title thereto, and for making or maintaining this mortgage a first charge (or subject only to the prior encumbrances acceptable to the Mortgagee);
  - (b) all sums which the Mortgagee may advance for insurance premiums, property taxes, or rates;
  - (c) any unpaid amount due to the Mortgagee for application fees or renewal fees;
  - (d) all sums which the Mortgagee may expend in payment of prior liens, charges, encumbrances or claims charged or to be charged against the Land or on this mortgage or against the Mortgagee in respect of this mortgage;
  - (e) all sums which the Mortgagee may expend in maintaining, repairing, restoring or completing the construction on the Land;
  - (f) the cost of inspecting, leasing, managing or improving the Land, including the price or value of any goods of any sort or description supplied for use on the Land;
  - (g) all sums paid to a receiver of the Land;
  - (h) the cost of exercising or enforcing or attempting to exercise or enforce any right, power, remedy or purpose hereunder provided or implied, and including an allowance for the time, work and expenses of the Mortgagee or any agent or employee of the Mortgagee, for any purpose provided for herein; and
  - (i) the Mortgagee's solicitors' costs as between solicitor and his own client incurred or paid by the Mortgagee as a result of any Event of Default or under any other security for this loan, or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of the Land, and generally in any other proceedings, matter or thing taken or done to protect or realize this security or any other security for this loan;

together with interest thereon at the Mortgage Rate, are deemed secured hereby and shall be or constitute a charge or charges against the Land, and all such moneys shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment except as herein otherwise provided, and all such sums together with interest thereon and all other moneys payable by the Mortgagor under this mortgage shall be deemed to constitute part of the mortgage moneys.

**COVENANTS**

36. That the Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor:
- (a) has a good title to the Land;
  - (b) has the right to mortgage the Land;
  - (c) upon the occurrence of an Event of Default the Mortgagee shall have quiet possession of the Land, free from all encumbrances;
  - (d) will execute such further assurances of the Land as may be requisite;
  - (e) has done no act to encumber the Land.

### **EXPROPRIATION**

37. The Mortgagor hereby assigns to the Mortgagee, that portion of any proceeds which may become due and payable to the Mortgagor by an expropriating authority upon an expropriation of the Lands or the proceeds of any condemnation, eminent domain or like proceeding or the sale in lieu of or in reasonable anticipation thereof of the whole or any part of the Lands, or any portion thereof, equal to the difference, if any, between all monies secured by this mortgage at the date of the expropriation and the compensation paid to the Mortgagee for the expropriation of its interest in the Lands or any portion thereof, by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor is aware of the provisions of sections 49 and 52 of the *Expropriation Act*, and any amendments thereto, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and hereby agrees to pay to the Mortgagee the difference, if any, between all monies secured by the mortgage at the date of the expropriation and the compensation paid to the Mortgagee by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Lands or any portion thereof, forthwith upon receipt of the said documentation by it and shall execute and deliver any further or additional documentation which the Mortgagee in its sole discretion deems necessary to effect the above assignment or which is requested by the expropriating authority. For the purposes of this clause, the "date of the expropriation" shall mean the date that the Mortgagor ceases to be the registered owner of Lands, or any portion thereof, and the "expropriating authority" shall mean the Crown or any individual or entity empowered to acquire lands by expropriation. Notwithstanding anything to the contrary contained herein, if the Mortgagor or the Mortgagee receives a notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of the Mortgagee, the whole of the outstanding balance secured under this Mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired. If any or all of the Land is expropriated, it is agreed that the proceeds from any such expropriation shall be paid directly to the Mortgagee in priority to the claims of any other party. Service of a copy of this Mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Mortgagee, in accordance with the terms of the assignment contained herein.

### **PRIOR MORTGAGES, AGREEMENTS FOR SALE**

38. That the Mortgagor hereby covenants to perform and observe and satisfy all the terms, covenants and conditions to be performed and observed by the Mortgagor under the terms of any prior Mortgages, Agreements for Sale or other charges (hereinafter called the "prior mortgage") registered against the title to the subject property. It is expressly agreed and understood by the Mortgagor that in the event of default by the Mortgagor under any of the terms of any prior mortgage, then at the option of the Mortgagee the Mortgagor shall be deemed to be in default of the terms of this mortgage. The Mortgagee may at its option make any payment or cure any default under the prior mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the mortgaged lands and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have upon the occurrence of an Event of Default.

### **SEVERABILITY**

39. That in the event any clause or part of a clause herein is invalid and not enforceable for any reason, then such clause or part of a clause shall be severable from this mortgage and not affect the validity or enforceability of any other part of this mortgage.

### **SUCCESSORS AND ASSIGNS**

40. That when the context makes it possible, the word "Mortgagee" wherever it occurs in this mortgage, shall include the successors and assigns of the Mortgagee, and the word "Mortgagor" shall include heirs, executors, administrators, successors and assigns of the Mortgagor, and the word "person" shall include any body corporate or politic; and that words in the singular include the plural, and that words in plural

include the singular, and words importing the masculine gender include the feminine; and that if there is more than one entity comprising the Mortgagor all covenants herein contained and implied are to be construed as joint and several; and that heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied.

**DISCHARGE**

41. That the Mortgagee shall have a reasonable time after payment of the mortgage moneys in full within which to prepare and execute a discharge of this mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.

**LAW**

42. That this mortgage is made pursuant to the *Land Titles Act* (Alberta) and any amendments thereto.

**CHARGE**

43. That for the better securing to the Mortgagee the repayment in the manner aforesaid of the Principal Sum and interest and other moneys hereby secured the Mortgagor does hereby mortgage and charge to the Mortgagee all of the Mortgagor's estate and interest in the Land above described.

**COMMITMENT LETTER**

44. That the parties agree that the accepted terms and conditions of the Commitment Letter dated October 18, 2007, as amended, from the Mortgagee to the Mortgagor, as amended from time to time (the "Commitment Letter"), shall survive funding of this loan and continue to be in full force and effect after said funding. Default by the Mortgagor of any of the terms or requirements contained in the Commitment Letter shall, at the option of the Mortgagee, constitute a default hereunder. In the event there is a direct conflict between the terms and conditions of this mortgage and the said Commitment Letter as amended, then the mortgage shall prevail to the extent necessary to resolve the conflict.

**HAZARDOUS MATERIALS**

45. That,
- (a) neither the Mortgagor nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any hazardous materials to be placed, held, located or disposed of on, under or at the lands and that its business and assets are operated in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials) and that no enforcement actions in respect thereof are threatened or pending.
  - (b) the Mortgagor covenants and agrees that it will at all times during the continuance of this Mortgage, operate the Lands in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials) and shall permit the Mortgagee to conduct inspections and appraisals of all or any of its records, business and assets at any time or from time to time to ensure such compliance. The Mortgagor hereby indemnifies the Mortgagee, its officers, directors, employees, agents and shareholders (which indemnity shall survive the satisfaction, release or enforcement of this mortgage or any collateral security and the full repayment of the mortgage monies) and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever relating to the hazardous materials placed, held, located or disposed of on the lands, including without limitation:

- (i) costs of defending and/or counterclaiming or claiming against third parties in respect of any action or matter; and
  - (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor, which at any time from time to time may be paid, incurred or asserted against, any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the lands or into or upon any lands, the atmosphere, any watercourse, body of water or wetland, of any hazardous materials; and
  - (iii) a reduction in the value of the mortgaged lands.
- (c) "Hazardous Material" means any radioactive material, any explosive, any substance that is detrimental to its use by animal, fish or plant, any substance which is declared to be hazardous or toxic under any, regulation or order now or hereafter enacted or promulgated by any Federal or Provincial statute or regulation passed pursuant thereto, governmental authority having jurisdiction over the Land or any other substance which is or may become hazardous, dangerous or toxic to persons or property.
- (d) In addition to the above the Mortgagor hereby warrants and agrees that,
- (i) the condition and use of the Lands is and will continue to be in compliance with all applicable environmental laws and standards; all necessary licenses and permits relating to the release of contaminants, production of dangerous materials and carrying on of hazardous activities have been obtained and are being complied with; there are no outstanding orders against the Mortgagor from any governmental agency responsible for protecting the environment.
  - (ii) the Lands are not being subjected to environmental damage or contamination and to the best of the Mortgagor's knowledge, the Lands incurred no such damage or contamination prior to the Mortgagor's control;
  - (iii) the Mortgagor will use its best efforts to use the property and conduct the business so as not to result in environmental damage, and will not engage in certain activities (such as storage of hazardous materials) and that use of the property will not change without the Mortgagee's approval;
  - (iv) the terms of any past credit arrangement have not been altered, cancelled or not renewed due to environmental risk considerations;
  - (v) all appropriate remedial action will be taken with respect to violations of environmental laws, and spills or other contaminations;
  - (vi) the Mortgagor will give notice to the Mortgagee of any contamination or any pending or threatened government enforcement action or civil suit arising out of alleged environmental damage;
  - (vii) the Mortgagor will permit the Mortgagee and its agents to enter onto the property at any time to conduct an environmental inspection and to permit the Mortgagee to take such action as it deems necessary to remedy any environmental damage or breach of law;
  - (viii) where the business is environmentally sensitive, the Mortgagor will permit the Mortgagee or its agents to perform an annual environmental audit;
  - (ix) the Mortgagor will provide copies of its own internal/external environmental audits to the Mortgagee;

- (x) the Mortgagor will cause any other occupants or persons in control of the property to comply with the foregoing covenants;
- (xi) the Mortgagor will provide a senior officer's certificate as to environmental good standing at intervals determined by the Mortgagee, such certificate to confirm continuing compliance with covenants and truth of representations and warranties;
- (xii) the Mortgagor will defend and indemnify the Mortgagee, its directors, officers, employees and agents against all costs, etc., arising out of any environmental damage caused by the Mortgagor's activities or by contamination of or from the Lands;
- (xiii) if the Mortgagor fails to perform any of the foregoing covenants, the Mortgagee may do so and any money expended by the Mortgagee shall be paid by the Mortgagor out of any funds coming into the Mortgagee's possession in priority to the loan;
- (xiv) where the Land poses a very substantial environmental risk, the Mortgagor will maintain insurance against environmental liability in an amount and on terms satisfactory to the Mortgagee.

#### DUE ON SALE

46. That the Principal Sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, immediately become due and payable in full without notice by or demand from the Mortgagee if the Land or any part thereof or interest (whether legal or beneficial) therein is, without the prior consent in writing of the Mortgagee sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed of, or if the Mortgagor enters into an agreement to effect any of the foregoing whether by registered or unregistered instrument and whether for valuable or nominal consideration (and if the Mortgagor is a corporation, any change in control of the Mortgagor or any Covenantor shall constitute a default under this clause); provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part; and provided further that the acceptance by the Mortgagee of any instalment payment or other payment under this mortgage from any entity other than the Mortgagor shall not constitute a waiver by the Mortgagee of its rights under this clause, nor a consent by the Mortgagee of any such sale or disposal of the Land as above described; and provided further that if the Mortgagee gives its consent to any such sale or disposition as above described, it may do so upon such conditions as it may in its uncontrolled discretion decide upon including, without limiting the generality of the foregoing, the execution and delivery (by any intended transferee or successor in whole or in part of the Mortgagor's title to the Land) of an agreement in the Mortgagee's form whereby such transferee or successor assumes all covenants and obligations of the Mortgagor under this mortgage and all other security documents given by the Mortgagor with respect to this mortgage loan. The Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder and the non-payment of such assumption fee shall also be considered to be a default under this mortgage. A sale contemplated under a specific partial prepayment clause contained elsewhere herein shall not be subject to the terms hereof.

#### SUBSEQUENT FINANCING

47. That the principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee mortgaged or similarly charged; provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part.

**INTEREST RATE**

48. It is the intent of the parties hereto that the Mortgage Rate not exceed the maximum interest rate permitted under the laws of Canada and of Alberta and if the Mortgage Rate to the Mortgagee would, but for this provision, exceed the aforesaid maximum interest rate, the Mortgage Rate to the Mortgagee shall be limited to the maximum interest rate permitted under the laws of Canada and Alberta and this mortgage shall automatically be modified without the necessity of any further act or deed to give effect to the restriction on return set forth above.

**PROHIBITED BUSINESSES**

49. The Mortgagor agrees not to operate, nor allow any tenant to operate a business on the Lands that:
- (a) is sexually exploitive or that is inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
  - (b) are engaged in or associated with illegal activities.

**FINANCIAL STATEMENTS AND REPORTS**

50. The Mortgagor shall deliver to the Mortgagee the following:
- (a) annually, within 120 days of the Mortgagor's year end;
    - (i) for the Mortgagor or any limited partnership beneficial owner, accountant prepared financial statements, signed in the original; and
    - (ii) for each Covenantor, accountant prepared financial statements, where they are corporations and personal financial statements where they are individuals, each to be signed in the original; and
  - (b) such additional financial statements, information, plans and reports as and when requested by the Mortgagee.

**BENEFIT OF EASEMENTS**

51. As additional security for the indebtedness and other obligations secured hereunder and interest thereon and the due performance of the Mortgagor's obligations hereunder and under any collateral security the Mortgagor hereby assigns, transfers, mortgages, charges and sets over to and in favour of the Mortgagee as and by way of a specific assignment, mortgage and charge all of the right, title and interest of the Mortgagor in and with respect to any and all easements, restrictive covenants, rights of way, party wall agreements and encroachment agreements benefiting the Land (the "Agreements") and all of the benefit, power and advantage of the Mortgagor to be derived therefrom (including without limitation the benefit of any positive covenants) and otherwise to enforce the rights of the Mortgagor under the Agreements in the name of the Mortgagor. Nothing herein contained shall render the Mortgagee liable to any person for the fulfilment or non fulfilment of the obligations covered in any of the Agreements, including, but not limited to, the payment of any moneys thereunder or in respect thereto and the Mortgagor hereby indemnifies and agrees to save and hold harmless the Mortgagee from and against any and all claims, demands, actions, causes of action, losses, suits, damages and costs whatsoever arising directly or indirectly from or out of any of the Agreements. The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor shall not surrender, alter, amend or modify any of the Agreements or any of the terms or conditions thereof except with the prior written consent of the Mortgagee.

**GENERAL**

52. This mortgage shall be construed in accordance with the laws of the Province of Alberta.
53. The Mortgagor agrees with the Mortgagee as follows:
- (a) to comply with the terms and conditions of the Commitment Letter and this mortgage at all times;
  - (b) to maintain adequate insurance coverage as outlined in the Commitment Letter as would other prudent owners of similar property, and satisfactory to the Mortgagee and its legal counsel;
  - (c) to maintain the Lands in a sound state of repair at all times as would other prudent owners of similar property;
  - (d) to allow the Mortgagee and its appointees to have access to the property at all reasonable times;
  - (e) at the Mortgagee's request, to deliver or cause to be delivered to the Mortgagee promptly such information about the financial condition and operation with respect to the Lands as the Mortgagee may request from time to time.

**ADVANCES**

54. It is acknowledged and agreed that an advance hereunder is an advance under the personal property security agreement to be given in connection with this loan and vice versa.

**CROSS COLLATERALIZATION**

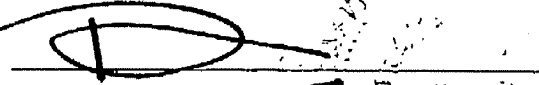
55. (a) This Mortgage is granted as collateral security to a leasehold mortgage on
- FIRST  
PLAN C  
BLOCK 79  
LOTS 1, 2 AND THE SOUTH 70 FEET OF LOTS 3 AND 4**
- SECOND  
PLAN C  
BLOCK 79  
LOTS 36 TO 40 INCLUSIVE**
- THIRD  
PLAN C  
BLOCK 79  
LOT 5**
- (the "Other Mortgage") and secures the same debt.
- (b) Default under the terms and conditions of this Mortgage shall be considered default under the terms and conditions of the Other Mortgage and default under the terms and conditions of the Other Mortgage shall be considered default under the terms and conditions of this Mortgage. Furthermore, an advance under either this Mortgage or the Other Mortgage shall be an advance under the other and shall be secured by the same.
- (c) This Mortgage, and the Other Mortgage shall be considered to be collateral security for all or any part of the principal and other sums owing under either or both of the mortgages. However, it is understood and agreed that the Mortgagee may pursue its remedies under either of the said mortgages concurrently or successively at its option. Any judgement or recovery hereunder or under the Other Mortgage for the monies secured shall not affect the right of the Mortgagee to

realize upon the other and the rights and remedies under the other mortgage continue notwithstanding that the Mortgagee has exhausted its rights or remedies under one of the mortgages.

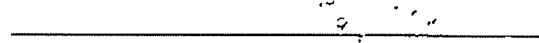
IN WITNESS WHEREOF the Mortgagor has hereunto affixed its corporate seal attested to by the duly authorized officers in that behalf this 2nd day of November, 2007.

LOUISE BLOCK CAPITAL CORP.

Per:



Per:



✓  
3  
CORPORATE SEAL  
LOUISE BLOCK CAPITAL CORP.  
NOV 2 2007





071548218

071548218 REGISTERED 2007 11 07  
MORT - MORTGAGE  
DOC 1 OF 2 DRR#: 4503244 ADR/WLIU  
LINC/S: 0017480344



**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

**IMAGE OF DOCUMENT REGISTERED AS:**

**071548219**

**ORDER NUMBER: 38505427**

**ADVISORY**

**This electronic image is a reproduction of the original document registered at the Land Titles Office. Please compare the registration number on this coversheet with that on the attached document to ensure that you have received the correct document. Note that Land Titles Staff are not permitted to interpret the contents of this document.**

**Please contact the Land Titles Office at (780) 422-7874 if the image of the document is not legible.**

**CAVEAT FORBIDDING REGISTRATION**

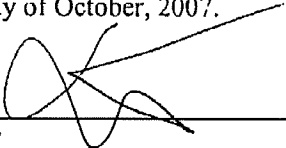
TAKE NOTICE THAT CITIZENS BANK OF CANADA claims a good and valid claim and charge under and by virtue of an Assignment of Rents Agreement and an Assignment of Leases Agreement between LOUISE BLOCK CAPITAL CORP. as Assignor and the Caveator as Assignee (copies of which is/are attached hereto) against the hereinafter described lands:

PLAN A  
BLOCK 72  
LOTS 37 TO 40 INCLUSIVE

as more particularly described in the existing Certificate of Title standing in the register in the name(s) of LOUISE BLOCK CAPITAL CORP. and the Caveator forbids the registration of any person as transferee or owner or of, any instrument affecting, the said estate or interest, unless the instrument or Certificate of Title, as the case may be, is expressed to be subject to the claim of the Caveator.

I APPOINT 710 - 815 West Hastings Street, Vancouver, British Columbia V6C 1B4 as the place at which notices and proceedings relating hereto may be served.

DATED this 31<sup>st</sup> day of October, 2007.




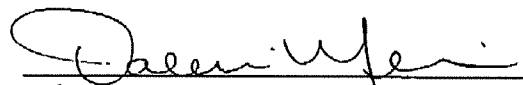
Terence G. Lidster  
(As Solicitor and agent for the Caveator)

**AFFIDAVIT**

I, TERENCE G. LIDSTER, of the City of Calgary, in the Province of Alberta, Solicitor, make oath and say as follows:

- I am the agent for the above-named Caveator.
- I believe that the said Caveator has a good and valid claim upon the said land and I say that this Caveat is not being filed for the purpose of delaying or embarrassing any person interested in or proposing to deal therewith.

SWORN BEFORE ME at the City of )  
Calgary, in the Province of Alberta, this 31<sup>st</sup> )  
day of October, 2007. )

  
TERENCE G. LIDSTER

A Commissioner for Oaths in and for the )  
Province of Alberta )  
VALERIE MILLER )  
A Commissioner for Oaths )  
in and for the Province of Alberta )  
My Commission Expires Aug. 27, 2008 )

**ASSIGNMENT OF RENTS AGREEMENT**

THIS INDENTURE made this 2nd day of November, 2007.

**BETWEEN:**

**LOUISE BLOCK CAPITAL CORP. and LOUISE BLOCK LIMITED PARTNERSHIP**  
(hereinafter individually and collectively called the "Assignor")

OF THE FIRST PART

- and -

**CITIZENS BANK OF CANADA**  
(hereinafter called the "Assignee")

OF THE SECOND PART

**WHEREAS** by a Memorandum of Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN A  
BLOCK 72  
LOTS 37 TO 40 INCLUSIVE**

(hereinafter called the "lands")

to secure the sum of \$4,800,000.00 with interest as in the said Mortgage provided;

**AND WHEREAS** there has been or is being constructed a building on the said lands (hereinafter called the "building");

**AND WHEREAS** the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses as to use or occupancy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Leases");

**AND WHEREAS** the Assignor has agreed to assign to the Assignee all rents payable and to become payable under the Leases and all other monies reserved and payable and to become payable under the said Leases and all benefit and advantage to be derived therefrom to the Assignee as additional and collateral security for the payment of the monies due and to become due under the said Mortgage.

**NOW THEREFORE THIS INDENTURE WITNESSETH** that in consideration of the premises and in consideration of the Assignee making any advance under the said Mortgage, the Assignor and Assignee covenant and agree as hereinafter stated and the Assignor does hereby absolutely assign to the Assignee all rents payable and to become payable under the said Leases, and all security deposits and

other monies reserved and payable and to become payable under or in respect of the said Leases, and all other benefit and advantage to be derived therefrom, and grants the Assignee the right, at its option, to demand and receive the same and to distrain for the same, at any time and from time to time and to apply amounts so received at its discretion on any amounts due and payable to the Assignee under the said Mortgage.

**PROVIDED HOWEVER** that the Assignor may collect such rentals and other benefits hereby assigned until default under the Mortgage or other collateral security, after which event such rentals and other benefits hereby assigned, if received by the Assignor, shall be received and held in trust for the Assignee. Once demand in writing is made by the Assignee upon the tenants, or upon such other holder of the tenants' estate and interest in the said building (which demand shall only be made in the event of default under the Mortgage), the rentals and other benefits hereby assigned shall be paid to the Assignee at a place to be designated in such demand. Demand may be made by service of a copy of this assignment personally or by delivery upon the aforesaid tenants, or upon such other holder of the aforesaid tenants' estate and interest in the said building and the parties so served are hereby authorized and directed to give full effect to this assignment and to pay all rentals accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such tenants' responsibility for such payment.

This assignment shall be effective only until such time as all monies due and owing under the said Mortgage have been fully paid and satisfied.

The said rents and other benefits hereby assigned to the Assignee are being taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

Nothing herein shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof, or for the performance of any covenant, term or condition, either by lessor or lessee, contained in any of the said Leases, and the Assignee shall not by virtue of this assignment or by any steps, actions, distress or other proceedings taken to enforce its rights hereunder be deemed to be a mortgagee in possession of the said lands.

Neither this assignment nor anything herein contained shall bind the Assignee to recognize any lease or agreement to lease the said lands or any part thereof nor in any way render the interest of the Assignee under the said Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under the said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease, agreement to lease or this assignment.

The Assignee shall be liable to account only for such monies as may actually come into its hands by virtue of this assignment, less proper collection charges, and such monies when so received by it shall be applied on account of the monies due under the said Mortgage to which this assignment is taken as additional and collateral security.

**AND THE ASSIGNOR** further covenants, warrants and agrees to and with the Assignee that no prepayment of rental in excess of that provided for in the Leases has been paid under the said Leases and that it will not demand or accept any rent reserved or payable under the said Leases in excess of that provided for in the Leases in advance unless the prior written consent of the Assignee (to be given at the sole and absolute discretion of the Assignee) is first obtained.

**THE ASSIGNOR** does hereby release and discharge any tenant of it from any liability whatsoever to it by reason of the payment of any amounts paid hereunder to the Assignee.

**THE ASSIGNOR** covenants, warrants and agrees to and with the Assignee that prior to the date hereof it has not made any assignment of rents or other monies payable under the said Leases, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage and that it will not hereafter assign or otherwise dispose of the aforesaid rents or other monies, or any part thereof, without the written consent of the Assignee first had and obtained.

**THE ASSIGNOR** covenants, warrants and agrees that it has not entered into and will not enter into any agreement with any tenant of the said lands or any part or parts thereof whereby the right of set-off shall or may arise between the Assignor and any tenant.

**THE ASSIGNOR** shall from time to time and at all times hereafter, at the request of the Assignee, execute and deliver at the expense of the Assignor, such further assurances for the better and more perfectly assigning to the Assignee the said Leases, rents and other monies and all renewals and extensions thereof as the Assignee shall reasonably require.

**IF THE ASSIGNOR** defaults or breaches in the observance or performance of any of the covenants and agreements herein, or in the said Leases, on its part to be observed and/or performed, then in such case the whole of the principal sum remaining due under the said Mortgage (and all interest and other monies payable thereunder) shall, at the option of the Assignee, forthwith become due and payable in like manner and with like consequences and effects to all intents and purposes whatsoever as if the time therein mentioned for payment of such principal money had fully come and expired.

**NO WAIVER** by the Assignee of any breach of any of the covenants and conditions in the said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

**THE ASSIGNOR** shall not dispose of the said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this assignment.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this Assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this Assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This assignment shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor which import the singular number shall be read and construed as applied to each and every Assignor male or female and to his or her heirs, executors, administrators and assigns and in the

case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

This assignment shall enure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this Assignment of Rents Agreement constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

IN WITNESS WHEREOF the Assignor has duly executed and delivered this Agreement as of the day and year first above written.

**LOUISE BLOCK CAPITAL CORP.**  
(as general partner of and on behalf of  
**LOUISE BLOCK LIMITED PARTNERSHIP)**

**LOUISE BLOCK CAPITAL CORP.**

Per:

Per:

Per:

Per:

**GENERAL ASSIGNMENT OF LEASES AGREEMENT**

THIS INDENTURE made this 2nd day of November, 2007.

**BETWEEN:**

**LOUISE BLOCK CAPITAL CORP. and LOUISE BLOCK  
LIMITED PARTNERSHIP**  
(hereinafter individually and collectively called the "Assignor")

OF THE FIRST PART

- and -

**CITIZENS BANK OF CANADA**  
(hereinafter called the "Assignee")

OF THE SECOND PART

**WHEREAS** by Memorandum of Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN A  
BLOCK 72  
LOTS 37 TO 40 INCLUSIVE**

(hereinafter called the "lands")

to secure the repayment of the sum of **\$4,800,000.00** with interest thereon as in the said Mortgage provided;

**AND WHEREAS** there has been or is being constructed a building on the said lands (hereinafter called the "building");

**AND WHEREAS** the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; together with existing and future tenancies, agreements or licenses to use or occupy, and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Lease");

**AND WHEREAS** it is required as additional security for the payment of the monies secured and the performance of the covenants required by the said Mortgage that the Assignor assign to the Assignee said Lease and all the rents payable thereunder and all other benefit and advantage to be derived therefrom.

**NOW THEREFORE THIS INDENTURE WITNESSETH** that in consideration of the premises and of such advances as may from time to time be made by the Assignee under said Mortgage, the Assignor and the Assignee covenant and agree as hereinafter stated and **THE ASSIGNOR DO TH HEREBY ASSIGN, TRANSFER AND SET OVER UNTO THE ASSIGNEE** as collateral and additional security the said Lease and the rents payable thereunder and all other benefit and advantage to be derived therefrom, and also the full benefit of all powers and of all covenants and provisos contained



in the said Lease, with full power and authority to use the name of the Assignor, its successors or assigns, for enforcing the performance of said covenants and other matters and things contained in the said Lease.

The Assignee shall be liable to account for only such monies as are actually received by it by virtue of these presents less all proper costs of collection and the net amount of such monies as are actually received by the Assignee may in the sole discretion of the Assignee be applied on account of the monies due under said Mortgage or may be paid to the Assignor.

Nothing contained herein shall be deemed to have the effect of making the Assignee responsible for the collection of the rents or any part thereof payable pursuant to said Lease or for the observance or performance of any covenant, term or condition contained in said Lease (except as is specifically hereinafter stated) either by the Assignor or Lessee to be observed or performed.

The Assignee shall not solely by reason of these presents be deemed to be a mortgagee in possession of said lands or any part thereof.

Neither this agreement nor anything herein contained shall bind the Assignee to recognize said Lease or any lease or agreement to lease said lands or any part thereof nor in any way render the interest of the mortgagee under such Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease or agreement or this agreement.

The Assignee shall be entitled to exercise all of the rights and remedies of the Assignor reserved under and in the said Lease or by law for the collection of the rentals, and all necessary costs incurred by the Assignee in the exercising of the said rights and remedies shall be charged to the Assignor and be payable out of the rents received by the Assignee.

The Assignor shall, upon the request of the Assignee, execute and deliver at its expense, an assignment in this form of any and all other leases pertaining to the said lands which may hereafter be granted by the Assignor.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

The assignment herein, pending perfection by service on the tenants and the Assignee taking title to the lands, is made and taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

No waiver by the Assignee of any breach of any of the covenants and conditions in said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

Any direction or request by the Assignee to pay rent reserved to the Assignee shall be sufficient warrant and authority to the tenant to make such payment and the payment of rental to the Assignee shall be and operate as a discharge to the tenant in respect of the amount of rent so paid.

If the Assignor shall be in default in the observance or performance of any of the terms and conditions of this agreement or the said Lease then at the option of the Assignee all monies payable under the said Mortgage shall forthwith become due and payable and in default of payment the Assignee shall

be entitled to exercise such remedies to realize its security under the said Mortgage as it may by law be entitled to do.

The Assignor will at any time during the currency of said Mortgage when requested by the Assignee so to do, insure and keep insured against loss resulting from rent abating following fire or other damage to the improvements on said lands or any part thereof and will pay all premiums and sums of money necessary for such purpose as the same shall become due and will assign and deliver over the Assignee the policy or policies of insurance and receipt and receipts thereto appertaining and if it shall neglect to so insure and keep the said insurance in force and to deliver the said policy or policies or receipts at the office of the Assignee at least five (5) days before the day on which premiums shall be payable then it shall be lawful for the Assignee to effect such insurance in the manner aforesaid and all money expended by the Assignee with interest at the rate in the said Mortgage provided computed from the time or times of payment of the same by the Assignee shall be paid by the Assignor to the Assignee on demand and in the meantime such payment with interest as aforesaid shall be secured by said Mortgage and shall be a charge upon said lands and all the Assignor's estate and interest therein. The Assignor shall forthwith on the happening of any loss resulting from rent abating as aforesaid furnish at its expense all necessary proofs and do all necessary acts and things to enable the Assignee to obtain payment of the insurance monies and all insurance monies received by the Assignee by virtue of any such policy or policies less all proper costs of collection thereof may at the option of the Assignee either be forthwith applied in whole or in part in reduction of the monies secured by said mortgage or be paid to the Assignor.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this Assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this Assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This agreement shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The Assignee may register or cause to be registered by Caveat against said lands notice of this agreement and the Assignor will not contest the validity of such caveat at any time during the currency of said Mortgage.

**THE ASSIGNOR FURTHER COVENANTS, AGREES, CERTIFIES AND WARRANTS TO AND WITH THE ASSIGNEE:**

1. That any presently existing leases, tenancies, agreements or licences to use or occupy are good, valid and subsisting agreements.
2. That the rent reserved by said Lease has not been and shall not be demanded, collected, accepted or paid in advance of the time for payment thereof or other than in the manner as set forth in said Lease.
3. That it will not alter or modify the terms of said Lease or discharge or surrender the same or grant any concession thereunder or consent to an assignment or sub-lease, without the consent in writing of the Assignee first had and obtained.

4. That it has not entered into and will not enter into any agreement with the Tenant whereby the right of set-off shall or may arise between the Assignor and the Tenant.
5. That it will not dispose of said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this agreement.
6. That prior to the date hereof it has not made any assignment of rents or of the said Lease, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage, and that it will not hereafter assign or otherwise dispose of the rents or said Lease without first obtaining the written consent of the Assignee.

The assignment contained herein shall not become binding upon the Assignee with respect to any tenant unless service of a copy of this assignment (together with written advice that the Assignee is perfecting this assignment and intends to be bound to the tenant thereby), personally or by delivery has been made by the Assignee or its agents upon any tenant occupying any portion of the said lands or any building on the said lands and shall then operate as an absolute and unconditional assignment of the said Lease as between the Assignee and the tenant and such tenant is hereby authorized and directed to give full effect to this assignment and to, upon the request of the Assignee, pay all rentals then owing or accruing due subsequent to such request to the Assignee, whose receipt thereof shall constitute full discharge of such tenant's responsibility for such payment.

**AND IT IS FURTHER HEREBY AGREED** that the words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor or Assignee which import the singular number shall be read and construed as applied to each and every Assignor or Assignee male or female and to his or her executors, administrators and assigns and in the case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor or Assignee the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this assignment constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

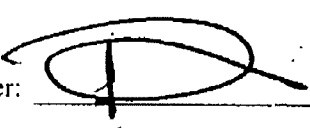
**IN WITNESS WHEREOF** the Assignor has executed these presents the day and year first above written.

**LOUISE BLOCK CAPITAL CORP.**  
(as general partner of and on behalf of  
**LOUISE BLOCK LIMITED PARTNERSHIP)**

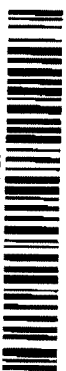
Per: 

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

**LOUISE BLOCK CAPITAL CORP.**

Per: 

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



071548219

071548219 REGISTERED 2007 11 07  
CAVE - CAVEAT  
DOC 2 OF 2 DRR#: 4503244 ADR/WLIU  
LINC/S: 0017480344

Search ID #: Z12245436

**Business Debtor Search For:**

LOUISE BLOCK LIMITED PARTNERSHIP

Search ID #: Z12245436

Date of Search: 2019-Dec-18

Time of Search: 14:56:27

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Registration Number: 19121828236

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Dec-18

Registration Status: Current

Expiry Date: 2024-Dec-18 23:59:59

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Exact Match on: Debtor No: 2

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**Debtor(s)**

**Block**

**Status**

1 LOUISE BLOCK CAPITAL CORP.  
400, 630 - 8 AVENUE SW  
CALGARY, AB T2P 1G6

Current

**Block**

**Status**

2 LOUISE BLOCK LIMITED PARTNERSHIP  
400, 630 - 8 AVENUE SW  
CALGARY, AB T2P 1G6

Current

**Secured Party / Parties**

**Block**

**Status**

1 VANCITY COMMUNITY INVESTMENT BANK  
5TH FLOOR, 183 TERMINAL AVENUE  
VANCOUVER, BC V6A 4G2  
Email: Gregory\_Asai@vancity.com

Current

Search ID #: Z12245436

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	<p>ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY NOW OR HEREAFTER SITUATED ON THE LANDS DESCRIBED BELOW (AND ANY OTHER LEGAL DESCRIPTIONS BY WHICH SUCH LANDS MAY BE DESCRIBED WHETHER BY SUBDIVISION, CONDOMINIUMIZATION OR OTHERWISE) OR WHICH IS NOW OR AT ANY TIME MAY BE ANNEXED TO, COMPRISED IN, PERTAINING OR RELATING TO OR USED IN CONNECTION WITH THE LANDS AND ALL ACCESSIONS THERETO AND SUBSTITUTIONS THEREFOR; THE DEBTOR'S INTEREST IN ANY PRESENT OR HEREAFTER ACQUIRED RENTS, BOOK DEBTS, SECURITY DEPOSITS AND INSURANCE PROCEEDS RELATING TO THE LANDS. PROCEEDS: GOODS, INVENTORY, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY, INTANGIBLES AND ACCOUNTS (ALL AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT) AND INSURANCE PROCEEDS. LANDS: LEGALLY DESCRIBED AS: PLAN "A", BLOCK 72, LOTS 37 TO 40 INCLUSIVE CIVICALLY DESCRIBED AS: 1018 MACLEOD TRAIL SE, CALGARY, ALBERTA</p>	Current

Result Complete

day of November, 2007.

**THIS GENERAL SECURITY AGREEMENT** dated for reference this 2nd

BETWEEN:

**LOUISE BLOCK CAPITAL CORP. and LOUISE BLOCK LIMITED PARTNERSHIP**, each having an office at c/o 400, 630 - 8<sup>th</sup> Avenue SW, Calgary, AB T2P 1G6

(individually and collectively the "Debtor")

AND:

**CITIZENS BANK OF CANADA**, a Canadian chartered bank, having an office at #710, 815 - West Hastings Street, Vancouver, British Columbia, V6C 1B4

(the "Bank")

## 1. SECURITY

- 1.1 For value received, the Debtor grants and creates the security constituted by this General Security Agreement and agrees to the terms, covenants, agreements, conditions, provisos and other matters set out in this General Security Agreement.
- 1.2 As general and continuing security for the Obligations (as defined in clause 2.1 hereof), the Debtor hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest in all presently owned and hereafter acquired personal property of the Debtor of whatsoever nature and kind which are now or at any time hereafter situate on the Lands (as hereinafter defined) or which are now or at any time may be annexed to, comprised in, pertaining or relating to or used in connection with the Lands and all Proceeds thereof and therefrom, renewals thereof, Accessions thereto and substitutions therefor (all of which are herein collectively called the "Collateral"), including, without limiting the generality of the foregoing:
  - (a) Inventory of whatsoever nature and kind;
  - (b) Equipment (other than Inventory) of whatsoever nature and kind and wheresoever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature and kind;
  - (c) book accounts and book debts and generally all Accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, letters of guarantee and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor (all of which are herein collectively called the "Debts");
  - (d) deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
  - (e) contractual rights, insurance claims, insurance proceeds and all goodwill, patents, trademarks, copyrights, and other industrial property;

- (f) all construction contracts of any nature for construction or supply of materials in connection with the construction of the buildings and facilities on the Lands whether those contracts exist as of the date hereof or at any time in the future;
- (g) all licenses in the possession, control or name of the Debtor now or at any time in the future with respect to all chattels which are required to be inspected, approved or licensed;
- (h) all of the necessary licenses and permits required for the construction of all buildings on the Lands and for the conduct and operation of the intended use of the Lands issued by any government, statutory or other authority having jurisdiction over same;
- (i) all conceptual drawings, architects and engineers drawings, technical specifications, building permit drawings, surveyors drawings, quantity specifications, and all similar items related to the construction of all buildings and facilities on the Lands;
- (j) all outstanding guarantees, warranties and indemnities obtained for the benefit of the Debtor relative to the Lands;
- (k) monies other than trust monies lawfully belonging to others; and
- (l) personal property described in any schedule now or hereafter annexed hereto.

1.3 In this General Security Agreement:

- (a) any reference to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof";
- (b) any reference to "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more corporations and, if more than one Debtor executes this General Security Agreement, this General Security Agreement shall apply and be binding upon each of them jointly and severally and all obligations hereunder shall be joint and several;
- (c) any reference to "General Security Agreement" shall, unless the context otherwise requires, be deemed a reference to this General Security Agreement as amended from time to time by written agreement together with the schedules hereto and any schedules added hereto pursuant to the provisions hereof;
- (d) any reference to "Lands" means those lands legally described as:

**PLAN A  
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LOTS 37 TO 40 INCLUSIVE**

- (e) any reference to "PPSA" shall mean the *Personal Property Security Act* of the Province as amended from time to time, including any amendments thereto and any Act substituted therefor and amendments thereto;
- (f) any reference to the "Province" shall mean the Province of Alberta; and



(g) the terms "Accessions", "Accounts", "Chattel Paper", "Consumer Goods", "Documents of Title", "Equipment", "Goods", "Instruments", "Intangibles", "Inventory", "Licences", "Money", "Proceeds" and "Securities", and other words and expressions which have been defined in the PPSA shall be interpreted in accordance with their respective meanings given in the PPSA unless otherwise defined herein or unless the context otherwise requires.

- 1.4 The Bank and the Debtor have not agreed to postpone the time for attachment of the security interest granted hereby and the Debtor and the Bank intend that the security interest granted hereby shall attach to presently owned or held Collateral forthwith upon execution of this General Security Agreement and shall attach to hereafter acquired Collateral forthwith upon acquisition of any right, title and interest of the Debtor in such Collateral.
- 1.5 The last 10 days of the term created by any lease or agreement therefor are hereby excepted out of the security constituted by this General Security Agreement but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Bank shall direct.

## **2. OBLIGATIONS SECURED AND PAYMENT PROMISE**

- 2.1 The security constituted by this General Security Agreement is general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the Debtor to the Bank (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, including without limitation the obligations set out in 2.2 and 2.3 hereof, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety, (all of which obligations, indebtedness and liabilities are herein collectively called the "Obligations").
- 2.2 The Debtor jointly and severally agrees to pay to the Secured Party in lawful money of Canada, the sum of **\$4,800,000.00** lent to the Debtor and interest thereon at **6.1%** per annum, calculated half-yearly not in advance, before maturity, both before and after default, and both before and after judgment hereon as follows:
- (a) interest at the said rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and be paid on December 1, 2007 (hereinafter referred to as the "Date for Adjustment of Interest") on which date all accrued interest owing hereunder shall be paid; and
- (b) thereafter the aforesaid sum together with interest thereon at the said rate, computed from the Date for Adjustment of Interest, shall become due and be paid by monthly instalments of \$30,997.00 each (which include principal and interest) on the first day of each and every month in each and every year from and including January 1, 2008 to and including December 1, 2012 (the "Fixed Rate Term"). The said monthly instalments each when received are to be applied firstly to the interest calculated as aforesaid and the balance, if any, of the said monthly instalments shall be applied on the account of and in reduction of principal, provided however that if the Debtor is in default under any provision of this agreement then during such period of default, the Secured Party may apply such

payments to interest, principal or any other moneys payable hereunder in whatever order or manner which the Secured Party elects.

- 2.3 (a) Upon maturity of the Fixed Rate Term, in the absence of default or renewal, the Debtor will pay to the Secured Party in lawful money of Canada **on demand** the principal sum, or so much thereof as is outstanding at the time of demand, together with interest thereon at a variable rate per annum equal to 5% per annum above the prime rate (as hereinafter defined) of the Secured Party in effect from time to time, calculated monthly not in advance as well after as before maturity, default and judgment, on the principal sum remaining unpaid from time to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment and after maturity and computed from the last day of the Fixed Rate Term, which interest shall become due and be paid in monthly instalments on the first day of each month commencing the month next following the month in which the last day of the Fixed Rate Term occurs. The Secured Party's prime rate means the annual rate of interest announced from time to time by the Mortgagee, Main Branch, Vancouver, British Columbia as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. A Certificate of a Vice-President of the Secured Party shall be conclusive evidence of the said prime rate from time to time. In the event that the said prime rate is either increased or decreased from time to time while monies are owing by the Debtor hereunder, then the interest rate payable hereunder shall be increased or decreased accordingly. If for any reason the prime interest rate cannot be established for any period then such rate for such period shall be deemed to be the prime interest rate in effect immediately prior to such period of time.
- (b) If demand has not been previously made by the Secured Party, the balance of the principal sum, if any, interest thereon and any other moneys payable hereunder shall be payable by the Debtor on the day which is 180 days from the last day of the Fixed Rate Term.

- 2.4 It is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in one month from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be secured hereby.

### 3. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

- 3.1 The Debtor represents and warrants that, and, so long as this General Security Agreement remains in effect, the Debtor shall be deemed to continuously represent and warrant that:
- (a) this General Security Agreement has been authorized, executed and delivered in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor and all other matters and things have been done and performed so as to authorize and make the execution and delivery of this General Security Agreement, the creation of the security constituted hereby and the performance of the Debtor's obligations hereunder, legal, valid and binding;

- (b) the Collateral is genuine and is owned by the Debtor free of all security interests, mortgages, liens, claims, charges and other encumbrances (herein collectively called "Encumbrances"), save for the security constituted by this General Security Agreement, those Encumbrances shown on the Encumbrance Schedule and those Encumbrances approved in writing by the Bank;
- (c) the Debtor has good and lawful authority to create the security in the Collateral constituted by this General Security Agreement;
- (d) each Debt, Chattel Paper and Instrument included in Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by the Debtor to the Bank from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defense, set off, claim or counterclaim against the Debtor which can be asserted against the Bank, whether in any proceeding to enforce the Collateral or otherwise; and
- (e) with respect to Goods (including Inventory) comprised in the Collateral, the locations specified in the Location Schedule are accurate and complete (save for Goods in transit to such locations and Inventory on lease or consignment) and all fixtures or Goods about to become fixtures which form part of the Collateral will be situate at one of the locations specified in the Location Schedule.

#### 4. COVENANTS OF THE DEBTOR

4.1 The Debtor covenants and agrees that at all times while this General Security Agreement remains in effect the Debtor will:

- (a) defend the Collateral for the benefit of the Bank against the claims and demands of all other persons;
- (b) not, without the prior written consent of the Bank:
  - (i) create or permit to exist any Encumbrance against any of the Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement, save for:
    - (ii) those Encumbrances shown in the Encumbrance Schedule; and
    - (iii) Encumbrances approved in writing by the Bank prior to creation or assumption; or
    - (iv) grant, sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral;

provided always, that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease Inventory and, subject to clause 5.2 hereof, use monies available to the Debtor;

- (c) fully and effectively maintain and keep maintained valid and effective the security constituted by this General Security Agreement;

- (d) notify the Bank promptly of:
- (i) any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's name, the Debtor's business or the Collateral;
  - (ii) the details of any significant acquisition of Collateral;
  - (iii) the details of any claims or litigation affecting the Debtor or the Collateral;
  - (iv) any loss or damage to the Collateral;
  - (v) any default by any Account Debtor in payment or other performance of obligations of the Account Debtor comprised in the Collateral; and
  - (vi) the return to, or repossession by, the Debtor of Collateral;
- (e) keep the Collateral in good order, condition and repair (in the locations specified in the Location Schedule or such other locations as the Bank may approve in writing) and not use the Collateral in violation of the provisions of this General Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (f) carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral and, at the Bank's request, mark any and all such records and the Collateral so as to indicate the security constituted by this General Security Agreement;
- (g) forthwith pay:
- (i) all obligations to its employees and all obligations to others which relate to its employees when due, including, without limitation, all taxes, duties, levies, government fees, claims and dues related to its employees;
  - (ii) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish such security as the Bank may require; and
  - (iii) all Encumbrances which rank or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement, other than the Encumbrances, if any, shown in the Encumbrance Schedule hereto and those approved in writing by the Bank;
- (h) prevent the Collateral, save inventory sold or leased as permitted hereby, from being or becoming an Accession to other property not covered by this General Security Agreement;
- (i) insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Bank shall reasonably direct (but in any event in accordance with prudent business practice and for not less than the full replacement

cost thereof) with loss payable to the Bank and the Debtor, as insureds, as their respective interests may appear, and to pay all premiums for such insurance;

- (j) deliver to the Bank from time to time promptly upon request:
  - (i) any Documents of Title, Instruments, Securities and Chattel Paper comprised in or relating to the Collateral;
  - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
  - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
  - (iv) all policies and certificates of insurance relating to the Collateral; and
  - (v) such information concerning the Collateral, the Debtor and Debtor's business and affairs as the Bank may reasonably require;
- (k) forthwith pay all costs, charges, expenses and legal fees and disbursements (on an indemnity basis) which may be incurred by the Bank in:
  - (i) inspecting the Collateral;
  - (ii) negotiating, preparing, perfecting and registering this General Security Agreement and other documents, whether or not relating to this General Security Agreement;
  - (iii) investigating title to the Collateral;
  - (iv) taking, recovering, keeping possession of and insuring the Collateral;
  - (v) connection with any disclosure requirements under the PPSA; and
  - (vi) all other actions and proceedings taken in connection with the preservation of the Collateral and the confirmation, perfection and enforcement of this General Security Agreement and of any other security held by the Bank as security for the Obligations;
- (l) at the Bank's request at any time and from time to time execute and deliver such further and other documents and instruments and do all other acts and things as the Bank reasonably requires in order to give effect to this General Security Agreement or to confirm and perfect, and maintain perfection of, the security constituted by this General Security Agreement in favour of the Bank; and
- (m) permit the Bank and its representatives, at all reasonable times, access to all the Debtor's property, assets and undertakings and to all its books of account and records for the purpose of inspection and render all assistance necessary for such inspection.

## 5. PAYMENTS AND PROCEEDS

- 5.1 Before or after default under this General Security Agreement, the Bank may notify all or any Account Debtors of the security constituted by this General Security Agreement and may also direct such Account Debtors to make all payments on the Collateral to the Bank.
- 5.2 The Debtor acknowledges that any payments on or other proceeds of the Collateral received by the Debtor from Account Debtors, whether before or after notification of the security constituted by this General Security Agreement to Account Debtors and whether before or after default under this General Security Agreement, shall be received and held by the Debtor in trust for the Bank and shall be turned over to the Bank forthwith upon request.

## 6. BANK ACTIONS

- 6.1 The Debtor hereby authorizes the Bank to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying the Collateral or any permitted Encumbrances affecting the Collateral or identifying the locations at which the Debtor's business is carried on and the Collateral and records relating thereto are situate) as the Bank may deem appropriate to perfect and continue the security constituted hereby, to protect and preserve the Collateral and to realize upon the security constituted hereby and the Debtor hereby irrevocably constitutes and appoints the Bank the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient by the Bank.
- 6.2 The Bank may charge for its reasonable costs incurred in connection with any disclosure requirements under the PPSA.
- 6.3 If the Debtor fails to perform any of its Obligations hereunder, the Bank may, but shall not be obliged to, perform any or all of such Obligations without prejudice to any other rights and remedies of the Bank hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on an indemnity basis) incurred in connection therewith shall be payable by the Debtor to the Bank forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall form part of the Obligations and constitute a charge upon the Collateral in favour of the Bank prior to all claims subsequent to this General Security Agreement.

## 7. DEFAULT

- 7.1 The Debtor shall be in default under this General Security Agreement, unless otherwise agreed in writing by the Bank, upon the occurrence of any of the following events:
- (a) the Debtor makes default in payment when due of any of the Obligations which are indebtedness or liabilities or the Debtor fails to perform or satisfy any other of the Obligations; or
  - (b) the Debtor is in breach of any term, condition, proviso, agreement or covenant to the Bank, or any representation or warranty given by the Debtor to the Bank is untrue, whether or not any such term, condition, proviso, agreement or covenant, representation or warranty is contained in this General Security Agreement; or

- (c) the Debtor makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) there is instituted by or against the Debtor any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding-up of affairs of, the Debtor; or
- (e) the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy; or
- (f) a receiver, receiver and manager or receiver-manager of all or any part of the Collateral or of any other property, assets or undertakings of the Debtor is appointed; or
- (g) any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or a distress or analogous process is levied upon the Collateral or any part thereof; or
- (h) an order is made or an effective resolution is passed for winding-up the Debtor; or
- (i) without the prior written consent of the Bank, the Debtor creates or permits to exist any Encumbrance against any of the Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this General Security Agreement; or
- (j) the holder of any Encumbrance against any of the Collateral does anything to enforce or realize on such Encumbrance; or
- (k) the Debtor enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or
- (l) the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy; or
- (m) any certificate, statement, representation, warranty or audit report herewith, heretofore or hereafter furnished by or on behalf of the Debtor to the Bank, whether in connection with this General Security Agreement or otherwise, and whether furnished as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Debtor or not:
  - (i) proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified; or
  - (ii) proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor;

or, upon the date of execution of this General Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, statement, representation, warranty or audit report; which change shall not have been disclosed to the Bank at or prior to the time of such execution.

## 8. ENFORCEMENT

- 8.1 The Bank may make demand for payment at any time of any or all of the Obligations which are payable upon demand (whether or not there is any default under this General Security Agreement) and, upon any default under this General Security Agreement, the Bank may declare any or all of the Obligations which are not payable on demand to become immediately due and payable.
- 8.2 Upon default under this General Security Agreement, the security hereby constituted will, at the option of the Bank, immediately become enforceable.
- 8.3 To enforce and realize on the security constituted by this General Security Agreement, the Bank may take any action permitted by law or in equity, as it may deem expedient, and in particular, without limiting the generality of the foregoing, the Bank may do any one or more of the following:
- (a) appoint by instrument a receiver, receiver and manager or receiver-manager (the person so appointed is herein called the "Receiver") of the Collateral, with or without bond as the Bank may determine, and from time to time in its sole discretion remove such Receiver and appoint another in its stead;
  - (b) enter upon any premises of the Debtor and take possession of the Collateral with power to exclude the Debtor, its agents and its servants therefrom, without becoming liable as a mortgagor in possession;
  - (c) preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Bank may deem advisable;
  - (d) sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Bank may seem reasonable, provided that the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and
  - (e) exercise all of the rights and remedies of a secured party under the PPSA.
- 8.4 A Receiver appointed pursuant to this General Security Agreement shall be the agent of the Debtor and not of the Bank and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of the Bank hereunder, and in addition shall have power to carry on the business of the Debtor and for such purpose from time to time to borrow money either secured or unsecured, and if secured by a security on any of the Collateral, any such security may rank in priority to or pari passu with or behind the security constituted by this General Security Agreement, and if it does not so specify such security shall rank in priority to the security constituted by this General Security Agreement.



8.5 Any costs, charges and expenses (including legal fees and disbursements on an indemnity basis) incurred by the Bank in connection with or incidental to:

- (a) the exercise by the Bank of all or any of the powers granted to it pursuant to this General Security Agreement; and
- (b) the appointment of the Receiver and the exercise by the Receiver of all or any of the powers granted by the Receiver pursuant to this General Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;

shall be payable by the Debtor to the Bank forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall form part of the Obligations and constitute a charge upon the Collateral in favour of the Bank prior to all claims subsequent to this General Security Agreement.

8.6 Subject to applicable law and the claims, if any, of the creditors of the Debtor ranking in priority to the security constituted by this General Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this General Security Agreement will be applied as the Bank, in its sole discretion, may direct.

## 9. DEFICIENCY

9.1 If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full to the Bank, the Debtor will immediately pay to the Bank the amount of such deficiency.

## 10. RIGHTS CUMULATIVE

10.1 All rights and remedies of the Bank set out in this General Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or in any existing or future general security agreement or now or hereafter existing at law or in equity or pursuant to any other agreement between the Debtor and the Bank that may be in effect from time to time.

## 11. APPOINTMENT OF ATTORNEY

11.1 The Debtor hereby irrevocably appoints the Bank or the Receiver, as the case may be, with full power of substitution, to be the attorney of the Debtor for and in the name of the Debtor to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Bank or the Receiver, as the case may be, pursuant to this General Security Agreement.

## 12. LIABILITY OF THE BANK

12.1 The Bank shall not be responsible or liable for any debts contracted by it, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when the Bank shall manage the Collateral upon entry or manage the business of the Debtor, as herein provided, nor shall the Bank be liable to account as mortgagee in possession or for anything except actual

receipts or be liable for any loss or realization or for any default or omission for which a mortgagee in possession may be liable.

- 12.2 The Bank shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall the Bank, in the case of Securities, Instruments or Chattel Paper, be obliged to reserve rights against other persons, nor shall the Bank be obliged to keep any of the Collateral identifiable.
- 12.3 The Bank shall not be obliged to inquire into the right of any person purporting to be entitled under the PPSA to information and materials from the Bank by making a demand upon the Bank for such information and materials and the Bank shall be entitled to comply with such demand and shall not be liable for having complied with such demand notwithstanding that such person may in fact not be entitled to make such demand.
- 12.4 The Debtor will indemnify the Bank and hold the Bank harmless from and against any and all claims, costs, losses, demands, actions, causes of action, lawsuits, damages, penalties, judgments and liabilities of whatsoever nature and kind in connection with or arising out of any representation or warranty given by the Debtor, being untrue, the breach of any term, condition, proviso, agreement or covenant to the Bank, or the exercise of any of the rights and or remedies of the Bank, or any transaction contemplated in this General Security Agreement.
- 12.5 The Debtor hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Bank than provided in this General Security Agreement.

### 13. APPROPRIATION OF PAYMENTS AND OFFSET

- 13.1 Subject to any applicable provisions of the PPSA, any and all payments made in respect of the Obligations from time to time and monies realized from any security held therefor (including monies collected in accordance with or realized on any enforcement of this General Security Agreement) may be applied to such part or parts of the Obligations as the Bank may see fit, and the Bank may at all times and from time to time change any appropriation as the Bank may see fit or, at the option of the Bank, such payments and monies may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or to the rights of the Bank hereunder.
- 13.2 Without limiting any other right of the Bank, whenever any of the Obligations is immediately due and payable or the Bank has the right to declare any of the Obligations to be immediately due and payable (whether or not it has so declared), the Bank may, in its sole discretion, set-off against any of the Obligations any and all monies then owed to the Debtor by the Bank in any capacity, whether or not due and to do so even though any charge therefor is made or entered on the Bank's records subsequent thereto; and the Bank shall be deemed to have exercised such right to set-off immediately at the time of making its decision.

### 14. LIABILITY TO ADVANCE, ETC.

- 14.1 Except to the extent that the Bank:
- (a) by accepting bills of exchange drawn on it by the Debtor; or
  - (b) by issuing letters of credit or letters of guarantee on the application of the Debtor;

- (c) is required to advance monies on the maturity of such bills or pursuant to such letters of credit or letters of guarantee, as the case may be, none of the preparation, execution, perfection and registration of this General Security Agreement or the advance of any monies shall bind the Bank to make any advance or loan or further advance or loan, or renew any note or extend any time for payment of any indebtedness or liability of the Debtor to the Bank or extend any term for performance or satisfaction of any obligation of the Debtor to the Bank.
- 14.2 Nothing herein contained shall in any way oblige the Bank to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Obligations or any of them.
- 15. WAIVER**
- 15.1 No failure or delay by the Bank in the exercise of any power or right under this General Security Agreement constitutes a waiver thereof, nor does any exercise of any such power or right preclude any other exercise of same. Each power and right under this General Security Agreement is cumulative with, and not exclusive of, any power or right otherwise available.
- 15.2 Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification or waiver of this any provision of this General Security Agreement is binding on the Bank unless made in writing and signed by a duly authorized officer of the Bank.
- 16. EXTENSIONS**
- 16.1 The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security, and otherwise deal with the Debtor, Account Debtors of the Debtor, sureties and others and with the Collateral and other security as the Bank may see fit without prejudice to the liability of the Debtor or the Bank's right to hold and realize on the security constituted by this General Security Agreement.
- 17. ASSIGNMENT**
- 17.1 The Bank may assign, grant, pledge, sell or transfer any participation in this General Security Agreement, any power remedy or right of the Bank under this General Security Agreement, or any interest of the Bank herein to any person, without notice to the Debtor, and the obligations and liabilities of the Debtor under this General Security Agreement exist for the benefit of each such person as well as the Bank.
- 17.2 The Debtor covenants and agrees that the assignee, transferee or secured party of the Bank, as the case may be, shall have all of the Bank's rights and remedies under this General Security Agreement and the Debtor will not assert any defence, counterclaim, right of set-off or otherwise any claim which it now has or hereafter acquires against the Bank in any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the Obligations to the assignee, transferee or secured party, as the case may be, as the Obligations become due.

**18. SATISFACTION AND DISCHARGE**

- 18.1 Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to the Bank, shall be deemed not to be redemption or discharge of the security constituted by this General Security Agreement.
- 18.2 The Debtor shall be entitled to a release and discharge of the security constituted by this General Security Agreement upon full payment, performance and satisfaction of all Obligations, or the securing of the Obligations to the satisfaction of the Bank, and upon written request by the Debtor and payment to the Bank of all costs, charges, expenses and legal fees and disbursements (on an indemnity basis) incurred by the Bank in connection with the Obligations and such release and discharge.

**19. NO MERGER**

- 19.1 This General Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security in any form held or which may hereafter be held by the Bank from the Debtor or from any other person whomsoever.
- 19.2 The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the terms, conditions, covenants, agreements or provisos contained in this General Security Agreement.
- 19.3 The release and discharge of the security constituted by this General Security Agreement by the Bank shall not operate as a release or discharge of any right of the Bank to be indemnified and held harmless by the Debtor pursuant to clause 12.4 hereof or of any other right of the Bank against the Debtor arising under this General Security Agreement prior to such release and discharge.

**20. INTERPRETATION**

- 20.1 If any part or provision of this General Security Agreement is determined to be invalid, illegal or unenforceable, it will be severable from this General Security Agreement and the remainder of this General Security Agreement will be construed as if such invalid, illegal or unenforceable provision or part had been deleted.
- 20.2 For the purposes of this General Security Agreement, all references to the singular include the plural where the context so admits, the masculine to include the feminine and neuter gender and, where necessary, a body corporate, and vice versa.
- 20.3 In this General Security Agreement, the headings have been inserted for reference only and shall not define, limit, alter or enlarge the meaning of any provision of this General Security Agreement.
- 20.4 Time is of the essence of this General Security Agreement.
- 20.5 The provisions of any agreement between the Debtor and the Bank, including but not limited to any loan application, commitment letter, or similar application or a mortgage of the Lands (the "Mortgage"), shall form part of this General Security Agreement except where inconsistent with the provisions hereof. In the case of any inconsistency between this General Security Agreement and the Mortgage, the provisions of the Mortgage shall prevail.

**21. ADDITIONAL SECURITY**

21.1 This General Security Agreement is in addition to and not in substitution for any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability held by the Bank, all of which will be construed as complementary to each other. Nothing in this General Security Agreement prevents the Bank from enforcing any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability in accordance with its terms.

**22. NOTICE**

22.1 Any notice or other communication required or permitted to be given under this General Security Agreement must be in writing and is validly given if delivered or sent by prepaid registered mail. If sent by mail it is deemed to have been given seven days after having been deposited in the mail in Canada, registered with postage prepaid and properly addressed. If at the time of mailing or between the time of mailing and the actual receipt of such notice or other communication there is a mail strike, slowdown or other labour dispute which might affect its delivery by the mails, such notice or other communication is only effective if actually delivered. The addresses of the Bank and the Debtor for notices under this General Security Agreement are as set out on page one, until notice of a change is given as set out in this section.

**23. ENUREMENT**

23.1 This General Security Agreement is binding on and enures to the benefit of the Bank and the Debtor and their executors, administrators, successors and assigns and to any person to whom the Bank may grant any participation in this General Security Agreement or any power remedy or right of the Bank under this General Security Agreement.

23.2 This General Security Agreement need not be executed by the Bank to be binding on and to enure to the benefit of the Bank.

**24. COPY OF AGREEMENT AND FINANCING STATEMENT**

24.1 The Debtor hereby:

- (a) acknowledges receiving a copy of this General Security Agreement; and
- (b) waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this General Security Agreement.

**25. GOVERNING LAW**

25.1 This General Security Agreement and the rights and obligations of the Debtor and the Bank under it are governed by and construed according to the laws of the Province of Alberta,

25.2 Any legal action or proceeding with respect to this General Security Agreement may be brought in the courts of the Province or in such other courts as the Bank in its sole discretion elects and the Debtor irrevocably submits to each such jurisdiction.

**26. EXECUTION**

26.1 This General Security Agreement may be executed in any number of counterparts, each of which will constitute an original, but all of which together will constitute one and the same document, and such will not affect the obligations of the Debtor under this General Security Agreement.

27. The Debtor will promptly do all further acts and execute and deliver further documents as the Bank considers necessary or advisable to carry out the terms or intent of this General Security Agreement.

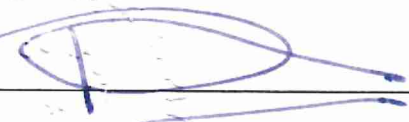
**28. ADVANCES**

28.1 It is acknowledged and agreed that an advance hereunder is an advance under the land mortgage granted by **LOUISE BLOCK CAPITAL CORP.**

**IN WITNESS WHEREOF** the Debtor has executed this General Security Agreement as of the day and year first above written.

**LOUISE BLOCK CAPITAL CORP.**  
(as general partner of and on behalf of  
**LOUISE BLOCK LIMITED PARTNERSHIP)**

**LOUISE BLOCK CAPITAL CORP.**

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


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


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

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

**ENCUMBRANCE SCHEDULE**

**PRIOR ENCUMBRANCES:**

NIL.

**LOCATION SCHEDULE**

**ADDRESS(ES) OF LOCATION OF THE COLLATERAL:**

1018 Macleod Trail SE, Calgary



SCHEDULE OF SERIAL NUMBER GOODS

NIL

**COVENANTOR AGREEMENT**

This Agreement dated the 2nd day of November, 2007 between **RIAZ MAMDANI** (the "Covenantor") of c/o 400, 630 - 8<sup>th</sup> Avenue SW, Calgary, AB T2P 1G6 and **Citizens Bank of Canada** (the "Bank"), a Canadian chartered bank having an office at #710 - 815 West Hastings Street, Vancouver, British Columbia V6C 1B4.

**WHEREAS LOUISE BLOCK CAPITAL CORP. and LOUISE BLOCK LIMITED PARTNERSHIP** (the "Member") of c/o 400, 630 - 8<sup>th</sup> Avenue SW, Calgary, AB T2P 1G6 have made application to borrow the principal sum of **\$4,800,000.00** (the "Credit Facility") from the Bank on the terms of a commitment letter dated October 18, 2007 from the Bank to the Member (the "Commitment Letter"), secured by among other things, a mortgage (the "Mortgage") against the following lands and premises (the "Lands"):

**PLAN A  
BLOCK 72  
LOTS 37 TO 40 INCLUSIVE**

an assignment of rents (the "Assignment of Rents"), a general security agreement (the "GSA"), an environmental indemnity agreement (the "EIA"), postponements of all shareholder and intercompany loans and any additional security required by the Bank from time to time in respect of the Credit Facility (the "Collateral"); and

**AND WHEREAS** the Covenantor has requested the Bank to provide the Credit Facility to the Member and in order to do so the Bank has stipulated that the Covenantor enter into this Agreement.

**IN CONSIDERATION** of the recitals, the Bank providing the Credit Facility to the Member and other good and valuable consideration received by the Covenantor, the receipt and adequacy of which is acknowledged by the Covenantor, the Covenantor agrees with the Bank as follows:

**1. DEFINITIONS, INTERPRETATION**

**1.1 Definitions.** In this Agreement:

- (a) "Indebtedness", in respect of any person, is used in its most comprehensive sense and includes any and all advances, debts, duties, endorsements, guarantees, liabilities, obligations, responsibilities and undertakings of such person at any time assumed, incurred or made, however arising, whether or not now due, absolute or contingent, liquidated or unliquidated, direct or indirect, and whether such person is liable individually or jointly with others, irrespective of the regularity or validity thereof or of any security therefore;
- (b) "Credit Facility Indebtedness" means any Indebtedness from time to time of the Member to the Bank arising under the Credit Facility or the Credit Facility Obligations or any modifications or renewals of same;
- (c) "Credit Facility Obligations" means the Mortgage, the Assignment of Rents, the General Security Agreement and the Collateral and any modifications, extensions or renewals of same, whether such modifications, extensions or renewals are entered into by the Member or a subsequent owner of the Lands; and

- (d) "Other Person" means any person, corporation or other entity other than the Member or the Covenantor at any time liable in respect of the Credit Facility or the Credit Facility Indebtedness.

1.2 Interpretation. In this Agreement:

- (a) Indebtedness of any person will be deemed to be incurred when the Member assumes, incurs or otherwise becomes liable in respect of such Indebtedness, and Indebtedness will include Indebtedness assumed, guaranteed or incurred by the Member and Indebtedness in respect of which the Member otherwise becomes liable; and
- (b) each reference to full and punctual payment when due of any amount of the Credit Facility is deemed to mean payment of such amount at the time and place and in the manner and amount that payment is required to be made by the Member pursuant to any agreement entered into by the Member in respect of the Credit Facility, regardless of any law, decree, regulation, court order or enactment affecting same.

2. REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Covenantor. The Covenantor makes the following representations and warranties to the Bank which will continue as long as any Credit Facility Indebtedness remains unpaid:

- (a) the Covenantor is executing and delivering this Agreement at the sole and exclusive request of the Member;
- (b) the Covenantor has derived or expects to derive financial and other advantage from the Credit Facility Indebtedness;
- (c) the Covenantor has not received or relied on any representation from the Bank or any agreement or undertaking with the Bank or any officer, employee or agent of the Bank, except as expressly set out in this Agreement;
- (d) the Member has furnished the Covenantor with all financial and other information and copies of all agreements and documents the Covenantor has requested concerning the Member, the Lands, the Credit Facility, the Credit Facility Indebtedness, the Credit Facility Obligations and the nature and extent of the risk the Covenantor incurs under this Agreement;
- (e) the Covenantor has established means satisfactory to it of obtaining from the Member, independently of the Bank, such other information and copies of all agreements and other writings the Covenantor deems desirable concerning the Member, the Lands, the Credit Facility, the Credit Facility Indebtedness, the Credit Facility Obligations, the Member's relationship with the Bank and the nature and extent of the risk the Covenantor incurs under this Agreement;
- (f) the Covenantor has the full power to enter into this Agreement. If the Covenantor is a corporation the directors of the Covenantor have passed a resolution now in effect which indicates that the directors of the Covenantor are of the opinion that the entering into of this Agreement by the Covenantor is in the best interests of the Covenantor; and
- (g) this Agreement is a legal, valid and binding obligation of the Covenantor, enforceable in accordance with its terms.

### 3. COVENANTS

3.1 Covenants. The Covenantor unconditionally, absolutely and irrevocably covenants and agrees with the Bank:

- (a) in addition to and separate and distinct from its agreements in Subsections 3.1(b) and (c), to guarantee to the Bank the repayment by the Member of the Credit Facility Indebtedness and to guarantee to the Bank the punctual performance of all agreements and obligations of the Member under the Credit Facility Obligations;
- (b) in addition to and separate and distinct from its agreements in Subsections 3.1(a) and (c), to indemnify and save harmless the Bank from and against all loss, damage, expenses, costs and liability whatsoever which shall arise from or be caused by the default or breach by the Member in respect of the Member's obligations under the Credit Facility Indebtedness or the Credit Facility Obligations; and
- (c) in addition to and separate and distinct from its agreements in Subsections 3.1(a) and (b), as primary obligor and not as guarantor, to pay and be responsible for the Credit Facility Indebtedness and to adopt as its own obligations every obligation of the Member in respect of the Credit Facility Indebtedness and the Credit Facility Obligations.

3.2 Nature of Obligations of Covenantor. The Covenantor covenants and agrees with the Bank that:

- (a) except as expressly set out in this Agreement the obligations and liabilities of the Covenantor under this Agreement will be irrevocable and as long as any of the Credit Facility Indebtedness remains unpaid, will continue and be of full force and effect and will not be terminated or in any manner affected, and no right of the Bank under this Agreement will in any manner be prejudiced or impaired by:
  - (i) the dissolution, winding-up or other cessation of existence of the Member or the Covenantor or the institution of any proceeding relating thereto, any continuance, reorganization or change in the business, directors, management, objects, organization or shareholders of the Member or the Covenantor, the amalgamation of the Member or the Covenantor with another corporation, the sale or disposal of or appointment of a liquidator, receiver, receiver-manager, receiver and manager or trustee in respect of any of the assets or undertaking of the Member or Covenantor, any distribution of the assets of the Member or Covenantor on any arrangement, bankruptcy, composition insolvency, liquidation, receivership, reorganization or other similar proceeding or occurrence, any assignment by the Member or the Covenantor for the benefit of creditors, any other marshalling of any of the assets of the Member or the Covenantor or any other act or event which constitutes a novation of any obligation or liability of the Member in respect of the Credit Facility, whether by substitution of the obligations or liabilities of any other person in place of those of the Member or otherwise;
  - (ii) any obligation or liability of the Member, whether in respect of the Credit Facility or otherwise, the Covenantor, whether under this Agreement or otherwise, or of any Other Person or any agreement or instrument evidencing any such obligation or liability at any time being unenforceable;
  - (iii) any defect in, omission from, failure to file or register, or defective filing or registration of any document under which the Bank has taken security for payment of the Credit Facility or for performance of any obligation of the Member, the Covenantor or any Other Person or any failure or loss in respect of

- any such security of the Bank, whether arising in connection with the fault of the Bank or otherwise;
- (iv) any issue or levy by any administrative, government, judicial or other authority or arbitrator of any award, execution, injunction, judgment, order, attachment, writ or similar process against the Member, whether in respect of the Credit Facility or the Credit Facility Indebtedness or otherwise, or against any Other Person;
  - (v) any occurrence or non-occurrence of any other act or event which would result in termination, discharge, limitation, merger, novation, reduction or release of the Covenantor or of any of its obligations or liabilities under this Agreement or which would otherwise prejudice or impair any right of the Bank under this Agreement; or
  - (vi) any sale, transfer, agreement to sell or other disposition of the Lands by the Member;
- (b) the obligations and liabilities of the Covenantor under this Agreement are absolute and independent of and not in consideration of or conditional on any other obligation or liability of the Covenantor or the Member, whether in respect of the Credit Facility or otherwise, or any Other Person or any prior notice or protest to, demand upon or action, suit or other proceeding against the Member or any Other Person. The Bank may bring or prosecute a separate action, suit or other proceeding against the Covenantor whether it is brought or prosecuted against the Member or any Other Person or whether the Member or any Other Person is joined;
  - (c) this Agreement will be binding in respect of any modification or renewal of the Credit Facility Indebtedness by the Member or any subsequent owner of the Lands, whether or not the Covenantor has consented to same and whether or not such modification or renewal constitutes an adverse or material alteration of the Covenantor's obligations under this Agreement; and
  - (d) any part payment by the Member of any of the Credit Facility or the Credit Facility operates to extend any statute of limitations or law of prescription as to the Member will operate to extend such statute of limitations or law of prescription as to the Covenantor.

3.3 Authorizations. The Covenantor authorizes the Bank, in the sole discretion of the Bank, without notice to or demand on the Covenantor and without in any manner affecting any obligation or liability of the Covenantor under this Agreement or any security furnished to the Bank by the Covenantor in connection with the Credit Facility or prejudicing or impairing any right of the Bank under this Agreement, from time to time to:

- (a) adjust, compromise, extend, modify, accelerate, renew or otherwise change the time, form or manner for payment of or any term in respect of the Credit Facility or the Credit Facility Indebtedness, including, without limitation, increasing or decreasing the rate of interest, changing the method of calculation of interest, extending the term, or altering the periodic payments;
- (b) take any security for payment of the Credit Facility or the Credit Facility Indebtedness or for performance of any obligation of the Member, the Covenantor or any Other Person or the Credit Facility Indebtedness and enforce, exchange, perfect, release, subordinate, subrogate, substitute, surrender, waive or take advantage of or defer or waive taking,

perfecting, enforcing or otherwise taking advantage of any such security and apply such security and direct the manner of sale as the Bank determines in its sole discretion;

- (c) compromise, release, substitute, delay or waive the exercise of any right or remedy against the Member, the Covenantor or any Other Person liable in respect of the Credit Facility;
- (d) grant any other indulgence to the Member, the Covenantor or any Other Person liable in respect of the Credit Facility and deal with all or any of such persons as the Bank sees fit;
- (e) accept payment of any Credit Facility Indebtedness from the Member incurred by the Member after the execution of this Agreement;
- (f) apply any payment by, recovery from or credit, deposit or offset due to, or any funds realized from any security furnished to the Bank by the Member, the Covenantor or any Other Person liable in respect of the Credit Facility, to any Indebtedness, whether in respect of the Credit Facility or otherwise of the Member, the Covenantor or any such Other Person to the Bank, as the case may be, in such manner and at such times as the Bank in its sole discretion determines;
- (g) otherwise deal with the Member, the Covenantor, any Other Person or the Credit Facility Indebtedness or any security provided to the Bank by the Member, the Covenantor or any Other Person as the Bank deems appropriate; and
- (h) impose a lien on or set off any money, security or other property of the Covenantor at any time in the possession of or on deposit with the Bank, whether held in a general or special account or on deposit or for safekeeping or otherwise, against any payment due from the Covenantor to the Bank under this Agreement.

3.4 Waiver. The Covenantor unconditionally waives:

- (a) any right to receive from the Bank any communication with respect to the Credit Facility or the Credit Facility Indebtedness or any obligation or liability of the Covenantor under this Agreement, or of any Other Person liable in respect of any of the Credit Facility or Credit Facility Indebtedness, including, without limitation:
  - (i) any notice of the creation or existence of any Indebtedness, the intention of the Bank to act on or in reliance on any obligation or liability of the Covenantor, whether under this Agreement or otherwise, or of any Other Person, or any default by or non-observance of any obligation of the Member, the Covenantor or any Other Person;
  - (ii) any communication of any information known by the Bank relating to the financial condition of the Member or to any other circumstance bearing upon the risk of non-payment under the Credit Facility; or
  - (iii) any demand for performance, notice of dishonour, notice of protest, presentment or protest relating to any obligation or liability of the Member, the Covenantor or any Other Person liable in respect of the Credit Facility;

- (b) any right to require the Bank to:
  - (i) proceed against the Member, the Covenantor or any Other Person liable in respect of the Credit Facility, including, without limitation, any right or benefit of discussion or division;
  - (ii) proceed against or exhaust any security furnished to the Bank by the Member, the Covenantor or any Other Person;
  - (iii) first apply any property or assets of the Member or any other Person liable in respect of the Credit Facility to the discharge of the Credit Facility or marshal in favour of the Covenantor; or
  - (iv) pursue or exercise any other right or remedy of the Bank whatsoever;
- (c) as long as any of the Credit Facility Indebtedness remains unpaid, any right of subrogation to or any right to enforce any right or remedy of the Bank in respect of the Member, any Other Person or any security provided to the Bank by the Member or any such Other Person or any benefit of or right to participate in any such security; and
- (d) any defence arising out of or in connection with:
  - (i) any absence, impairment or loss of any right of contribution, reimbursement or subrogation or any other right or remedy of the Covenantor in respect of the Member or any Other Person;
  - (ii) any disability, incapacity or other defence available to the Member or any Other Person liable in respect of the Credit Facility Indebtedness or any cessation from any cause whatsoever of any obligation or liability of the Member or any Other Person in respect of the Credit Facility Indebtedness; or
  - (iii) any other circumstance which might otherwise constitute a defence to any action, suit or other proceeding against the Covenantor, whether under this Agreement or otherwise.

3.5 Bankruptcy, etc. In the event of any distribution of any of the assets of the Member, the Covenantor or any Other Person, an any arrangement, bankruptcy, composition, execution, sale, insolvency, liquidation, receivership, reorganization or other similar proceeding or occurrence, any proceeding for the dissolution, liquidation, winding-up or other cessation of existence of the Member or, any Other Person, voluntary or involuntary, whether or not involving bankruptcy or insolvency proceedings, any assignment by the Member or any Other Person for the benefit of creditors or any other marshalling of any of the assets of any such person:

- (a) no obligation or liability of the Covenantor under this Agreement will be terminated or in any manner affected and no right of the Bank under this Agreement will in any manner be prejudiced or impaired by same or by any omission by the Bank to prove its claim or its full claim and the Bank may prove such claim as it sees fit and may refrain from proving any claim and may value or refrain from valuing any security held by the Bank; and
- (b) if any of the Credit Facility Indebtedness is unpaid, the Bank has the right to include in any claim made by it all sums paid by the Covenantor, whether under this Agreement or otherwise, and to prove and rank for and receive dividends in respect of such claim, all right to prove and rank for such sums paid by the Covenantor and to receive the full

amount of all dividends in respect thereof, which are hereby assigned and transferred by the Covenantor to the Bank.

#### 4. SUBORDINATION

- 4.1 Subordination of Indebtedness. The Covenantor defers, postpones and subordinates in the manner set out in this Article all of the Indebtedness from time to time of the Member to the Covenantor, to all of the Credit Facility Indebtedness and the Covenantor assigns and transfers to the Bank every right of the Covenantor relating to the Indebtedness.
- 4.2 Payment of Indebtedness. Any right of the Covenantor to receive any payment on account of Indebtedness of the Member to the Covenantor will be subordinated to any right of the Bank to receive any payment of the Credit Facility Indebtedness and the Covenantor shall not:
- (a) commence any action, take any proceeding, collect or receive any payment upon, by set off or counterclaim or in any other manner, any of the Indebtedness of the Member to the Covenantor;
  - (b) assign, charge, mortgage, pledge, sell, transfer or otherwise encumber or give a security interest in any of the Indebtedness of the Member to the Covenantor;
  - (c) enforce or apply any security now or hereafter furnished by the Member to the Covenantor; or
  - (d) incur any Indebtedness to or receive any loan, advance or gift from the Member.
- 4.3 Payment in Trust. If the Member is in breach or default under the Credit Facility Obligations, and any payment or distribution of assets of the Member is made to the Covenantor on account of the Indebtedness to which the Covenantor would be entitled except for this Article 4, such payment or distribution will be received by the Covenantor in trust for the benefit of the Bank, and the Covenantor shall forthwith pay same to the Bank for application to any money due or owing to the Bank under the Credit Facility Indebtedness.

#### 5. MISCELLANEOUS

- 5.1 Payments. All payments required to be made by the Covenantor to the Bank under this Agreement will be made at the address of the Bank set out on page one (or at any other place specified by the Bank by written notice to the Covenantor) in immediately available funds in lawful Canadian currency, without any set off counter claim or deduction.
- 5.2 Covenantor to Keep Informed. As long as any of the Credit Facility Indebtedness is unpaid the Covenantor assumes responsibility for keeping itself informed of the financial condition of the Member and of all other circumstances bearing on the risk it incurs under this Agreement.
- 5.3 Lender's Records. The records of the Bank as to the Credit Facility, any Credit Facility Indebtedness or any failure by the Member to make full and punctual payment when due of any of the Credit Facility are conclusive evidence of the relevant facts without further proof.
- 5.4 Failure or Indulgence Not Waiver. No failure or delay by the Bank in the exercise of any power or right under this Agreement constitutes a waiver thereof, nor does any exercise of any such power or right preclude any other exercise of same. Each power and right under this Agreement is cumulative with, and not exclusive of, any power or right otherwise available.



- 5.5 Modification. No modification or waiver of this Agreement is binding on the Bank unless made in writing and signed by a duly authorized officer of the Bank.
- 5.6 Entire Agreement. On the execution and delivery by the Covenantor, this Agreement is deemed to be finally executed and delivered by the Covenantor to the Bank and is not subject to or affected by any condition as to the receipt by the Bank of any other security for any of the Credit Facility or the Credit Facility Indebtedness or as to the execution and delivery by any Other Person to the Bank of any other agreement or guarantee, nor by any promise or condition affecting the liability of the Covenantor. No agreement, promise, representation or statement by the Bank or any of its officers, employees or agents unless in this Agreement forms part of this Agreement, has induced the making of it or affects the liability of the Covenantor under it.
- 5.7 Severability. If any part or provision of this Agreement is determined to be invalid, illegal or unenforceable, it will be severable from this Agreement and the remainder of this Agreement will be construed as if such invalid, illegal or unenforceable provision or part had been deleted.
- 5.8 Non-Merger. This Agreement shall not operate so as to create any merger or discharge of the Credit Facility Obligations. The taking of a judgment with respect to any of the Credit Facility Obligations will not operate as a merger of any of the terms, conditions, covenants, agreements or provisos contained in this Agreement.
- 5.9 Effect. This Agreement is in addition to and not in substitution for any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability held by the Bank including without limitation the Credit Facility Obligations, all of which will be construed as complementary to each other. Nothing in this Agreement prevents the Bank from enforcing any other guarantee or any debenture, mortgage, note, pledge or other security or evidence of liability including without limitation the Credit Facility Obligations, in accordance with its terms.
- 5.10 Assignability. The Covenantor hereby consents to the Bank assigning, transferring or selling all or any portion of its interest under this Agreement and the Credit Facility Obligations and without limiting the foregoing, the Bank may enter into participation, contending or syndication agreements with other mortgagees in connection with this Agreement and the Credit Facility Obligations. The Bank may provide information of a financial or other nature to any prospective assignee, transferee, purchaser or other mortgagees concerning the Covenantor, the Member, this Agreement and the Credit Facility Obligations.
- 5.11 Notices. Any notice required or desired to be given by one party to the other may be given by delivery or by facsimile transmission or by registered or certified mail to the addresses of the Bank and the Covenantor as set out on page one of this Agreement, as the case may be and such notice, if given by mail, shall, in the absence of a threatened or actual postal disruption, be deemed to have been received five days after mailing. In the event of a threatened or actual postal disruption, any notice shall be given by delivery or facsimile transmission to the party to whom it is to be given and the notice shall be deemed received on the day it is delivered or transmitted.
- 5.12 Expenses, Fees and Indemnity. The Covenantor will pay to the Bank all costs, charges and expenses, including all administrative fees, legal fees and professional fees, incurred by the Bank in connection with the collection of any amount payable under this Agreement by the Covenantor to the Bank. The Covenantor shall indemnify the Bank against all claims, loss or damages arising out of or in connection with any breach or default by the Covenantor under this Agreement.
- 5.13 Applicable Law. This Agreement and the rights and obligations of the Covenantor and the Bank under it are governed by and construed according to the laws of Alberta.

- 5.14 Interpretation. For the purposes of this Agreement, all references to the singular include the plural where the context so admits; the masculine include the feminine and neuter gender and, where necessary, a body corporate, and vice versa.
- 5.15 Time of the Essence. Time is of the essence of this Agreement.
- 5.16 Jurisdiction. Any legal action or proceeding with respect to this Agreement may be brought in the courts of Alberta or in such other courts as the Bank in its sole discretion elects and the Covenantor irrevocably submits to each such jurisdiction.
- 5.17 Execution by Lender. This Agreement need not be executed by the Bank to be binding on and to enure to the benefit of the Bank.
- 5.18 Counterparts. This Agreement may be executed in any number of counterparts, each of which will constitute an original, but all of which together will constitute one and the same document, and such will not affect the obligations of the Covenantor under this Agreement.
- 5.19 Further Assurances. The Covenantor will promptly do all further acts and execute and deliver further documents as the Bank considers necessary or advisable to carry out the terms or intent of this Agreement.
- 5.20 Successors and Assigns. This Agreement is binding on and enures to the benefit of the Bank and the Covenantor and their executors, administrators, successors and assigns and to any person to whom the Bank may grant any participation in this Agreement, the Credit Facility or any of the Credit Facility Obligations or any power, remedy or right of the Bank under this Agreement or any of the Bank's interest herein or in the Credit Facility Indebtedness.
- 5.21 Multiple Covenantor and Lender. If the Covenantor consists of more than one party, this Agreement will be read with all necessary grammatical changes and each reference to the Covenantor includes each and every such person or corporation individually. All covenants and agreements herein of the Covenantor are the joint and several covenants and agreements of each such person or corporation. If the Bank consists of more than one party, this Agreement will be read with all necessary grammatical changes and each such party or any one or more of them is entitled to enforce each right and remedy of the Bank under this Agreement.
- 5.22 Limitation. Notwithstanding the foregoing the liability of each and every one of the signatories hereunder is expressly restricted to and limited to the sum of \$1,500,000.00 with respect to principal monies only, and the liability of the Covenantor hereunder is full liability on a joint and several basis for all costs and expenses (including solicitor and client costs on a solicitor and his own client basis) whatsoever which are incurred by the Bank in enforcing this Covenantor Agreement as well as interest at the interest rate under the Mortgage on the amount owing under this Covenantor Agreement from the date of demand hereunder until payment is received.

IN WITNESS WHEREOF the Covenantor has executed this Agreement as of the date and year above first written.

SIGNED, SEALED AND DELIVERED by )  
the Covenantor in the presence of: )

James Rosovsky )  
Name )

421-3300 7th Ave SW Calgary )  
Address )

Lawyer )  
Occupation )



Covenantor - **RIAZ MAMDANI**



**ACCEPTANCE OF SUBORDINATION**

The undersigned, for good and valuable consideration (the receipt and sufficiency of which is acknowledged), accepts and consents to the provisions of Article 4 of the Agreement to which this acceptance is attached and agrees to be bound by its provisions and to recognize all priorities and other rights granted to the Bank and to pay the Bank in accordance therewith.

**DATED** as of the date of the Agreement.

**LOUISE BLOCK CAPITAL CORP.**

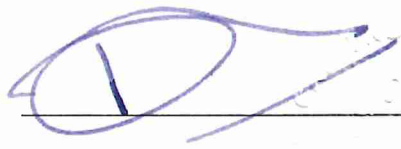
**LOUISE BLOCK CAPITAL CORP. (as general partner of and on behalf of LOUISE BLOCK LIMITED PARTNERSHIP)**

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



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

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



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

**THE GUARANTEES ACKNOWLEDGEMENT ACT, (ALBERTA)  
CERTIFICATE OF NOTARY PUBLIC**

**I HEREBY CERTIFY THAT:**

- (1) **RIAZ MAMDANI**, of Calgary in the Province of Alberta, the guarantor in the covenantor agreement/guarantee dated November 2nd, 2007 made between **RIAZ MAMDANI** and Citizens Bank of Canada, which this certificate is attached to or noted upon, appeared in person before me and acknowledged that he had executed the covenantor agreement/guarantee;
- (2) I satisfied myself by examination of the guarantor that he is aware of the contents of the covenantor agreement/guarantee and understands it.

**GIVEN AT** the City of Calgary, in the Province of Alberta this 2nd day of November, 2007 under my hand and seal of office.

A Notary Public in and for the Province of  
Alberta **James M. Rosowsky**  
Barrister & Solicitor

**STATEMENT OF GUARANTOR**

I am the person named in the certificate.

  
Signature of Guarantor - **RIAZ MAMDANI**

This is Exhibit "C" referred to in the  
affidavit of Gregory Asai sworn before me  
this 13 day of March, 2020.



-----  
A Commissioner for taking Affidavits for  
British Columbia.



5<sup>th</sup> Floor, 183 Terminal Avenue  
Vancouver, BC V6A 4G2

Reply Attention of: Ron Woo  
Direct Tel: 604-708-7739  
Fax: 604-709-5839  
Email: ron\_woo@citizensbank.ca

March 10, 2015

First Street Plaza (2006) LP  
c/o Canada ICI Capital Corporation  
Suite 430, 2020 4<sup>th</sup> Street SW  
Calgary, AB  
T2S 1W3

Attention: Doug Milne

Dear Sirs:

**Re: Land and Premises situate at 138 – 4<sup>th</sup> Avenue SE, Calgary, AB (the “Property”)**

We are pleased to advise that Citizens Bank of Canada (the “Lender”), a wholly-owned subsidiary of Vancouver City Savings Credit Union (“Vancity”), has authorized first mortgage term financing upon the following terms and conditions set out in this letter (together with any schedules and/or attachments, the “Commitment Letter”).

**1. PURPOSE:**

To assist with the refinancing of an office building representing  $\pm 71,773\text{ft}^2$  of Net Rentable Area and located at 138 – 4<sup>th</sup> Avenue SE, Calgary, AB

**2. LENDER:**

Citizens Bank of Canada

**3. BORROWER:**

First Street Plaza (2006) Limited Partnership by way of its General Partner, First Street Plaza GP Ltd. (collectively, the “Borrower”)

**4. COVENANTORS:**

Irrational Exuberance Corporation and Riaz Mamdani (together the “Covenantors”) will jointly and severally covenant to repay the Loan in full, and will indemnify and save harmless the Lender from and against any failure of the Borrower to repay the Loan or perform any of the obligations and covenants pursuant to the Loan.

**5. LOAN AMOUNT & TYPE:**

\$15,850,000 non-revolving fixed rate term loan to be funded in a single advance on/about March 31, 2015.

**6. INTEREST RATE:**

The rate of interest during the Term of the Loan shall be 3.25% per annum, compounded semi-annually, payable monthly not in advance (the “Interest Rate”). Please note the Interest Rate is fixed until April 9, 2015. If funding occurs after April 9, 2015, the Interest Rate is subject to change daily, but shall not be less than 3.25%.

Upon maturity, if not renewed, the Interest Rate will change to the Lender’s Prime rate in effect from time to time plus 5.0% per annum, compounded monthly, payable not in advance.

**7. TERM:**

The assured term is for a period of **60 months** (the "Term") from the Interest Adjustment Date (the "IAD"). The IAD shall be the first day of the next calendar month following the date the Loan has been advanced. The outstanding balance of the Loan will only be due and payable earlier in the event of default by the Borrower in observing or performing hereunder, or under the Security. Thereafter, the Loan, plus interest and costs, will be repayable upon demand.

**8. AMORTIZATION:**

The Loan shall be amortized over **240 months** (the "Amortization") from the IAD.

**9. REPAYMENT:**

The Loan shall be repayable in equal blended monthly payments of **\$89,726** covering both principal and interest, commencing on the first day of the month following the IAD, and continuing thereafter on the first day of each month during the Term. Interest payable from the funding date until the IAD shall be deducted from the Loan advance.

Notwithstanding the foregoing, the outstanding balance of the Loan, together with any interest accrued thereon and other amounts payable in connection therewith, is immediately repayable in full upon the occurrence of an Event of Default.

**10. PREPAYMENT:**

Provided that there has been no Event of Default or other default under the Commitment Letter, the mortgage, or under any other Security, the Borrower shall have the right to prepay the Loan at any time during the Term, in whole or in part, subject to the payment of an administration and yield maintenance fee, as determined by the Lender, equal to the greater of:

- a) 3 months interest on the principal amount to be prepaid, or
- b) Yield maintenance fee calculated based on the interest rate differential between the Interest Rate, and the applicable Government of Canada bond or treasury bill yield over the remaining Term.

**11. COMMITMENT FEE:**

In accordance with the terms of the Letter of Interest dated January 28, 2015, the Lender acknowledges the prior receipt of a **\$10,000** Application and Processing Fee which is deemed fully earned and non-refundable upon issuance of this Commitment Letter. The Commitment Fee of **\$40,000** is now payable and deemed earned and non-refundable upon the Borrower's acceptance of this Commitment Letter.

**12. LEGAL DESCRIPTION:**

The legal description of the Property is as follows:

Plan C, Block 16, Lots 21 to 24 Inclusive, Excepting Thereout a Portion for Street Widening on Plan 8310173, Excepting Thereout All Mines and Minerals

**13. SECURITY:**

The Loan shall be secured by the following documents (the "Security") which must be satisfactory in form and substance to the Lender and their solicitors:

- a) Registered mortgage creating a first fixed financial charge over all the legal and beneficial fee simple interest in the Property, together with an Assignment of Rents.
- b) General Security Agreement creating a first fixed and floating security interest over all present and after acquired personal property of the Borrower with respect to the Property.
- c) General Assignment of Leases.
- d) Covenantor Agreements.
- e) Participation and Administration Agreement.
- f) Evidence of insurance in accordance with the Lender's insurance requirements as set in the attached Schedule "A".
- g) Assignment of all cross easement agreement(s) affecting the Property, as applicable.



- h) Environmental Indemnity Agreement executed by the Borrower and Covenantors.
- i) Subrogation and Postponement of shareholder's or inter-company loans, provided that the Borrower or any Covenantor may accept payments free of the Lender's interest until the occurrence of an Event of Default.
- j) Such additional Security documents as the Lender and/or its solicitors may reasonably require.

**14. CONDITIONS PRECEDENT TO FUNDING:**

Prior to the initial advance of funds, the Lender shall have first received the following items all of which must be satisfactory in form and content to the Lender in its sole discretion:

- a) Confirmation to the satisfaction of the Lender that not less than 100% of the Loan has been syndicated to Vancity (\$8,350,000) and Connect First Credit Union Ltd. (\$7,500,000) and that a Participating and Administration Agreement for such syndication on terms satisfactory to the Lender has been executed and delivered by the Lender and each syndicate participant.
- b) Security documentation and resolutions, approved by the Lender's solicitors, and registered where required.
- c) Transmittal letter from Colliers International Realty Advisors Inc. addressed to the Lender stating that their appraisal dated February 1, 2015 may be relied upon by the Lender for mortgage lending purposes.
- d) Transmittal letter from Venture Engineering Consultants Ltd. addressed to the Lender stating that the Phase I Environmental and Building Assessment reports dated January 21, 2013 may be relied upon by the Lender for mortgage lending purposes.
- e) Executed estoppel certificates covering not less than 90% of the stated base rental revenue and 90% of the total net rentable area.
- f) Insurance policy review by the Lender's consultant.
- g) Confirmation that property taxes are current.
- h) Survey certificate.
- i) Completed "About Your Business (community real estate)" form(s), as attached in Schedule "D", identifying those individuals with:
  - o signing authority for the borrowing entity(ies); and
  - o 25% or greater ownership or control of the borrowing entity(ies) or of the assets securing the Loan.
 Forms must be sworn before a lawyer or notary retained by the Borrower. All forms must be completed to the satisfaction of the Lender and its solicitors and be in full compliance with FINTRAC regulations.
- j) Confirmation that there are no material outstanding work orders/deficiencies affecting the Property or an appropriate undertaking to correct by the Borrower within 60 days of the advance.

**15. EVENTS OF DEFAULT**

For the purposes of the Commitment Letter, any one or more of the following events shall be an event of default (the "Event of Default"), whether such Event of Default shall be voluntary or involuntary or be effected by operation of law or pursuant to or in compliance with any judgement, decree or order of any court or other rule or regulation of any applicable administrative or governmental authority:

- a) the Borrower fails to pay on the date upon which the same is due and payable any monies payable hereunder or under the Security, including any principal and interest under the Loan;
- b) the Borrower fails to perform or observe any other of the terms and conditions contained in the Commitment Letter or in any of the Security;
- c) any representation or warranty contained in the Commitment Letter, the Security or any other document or certificate furnished to the Lender in connection herewith or pursuant hereto shall prove at any time to be materially incorrect, as of the date made;
- d) a resolution is passed or an order is made for the liquidation or winding-up of the Borrower or any Covenantor;
- e) the Borrower or any Covenantor makes a proposal or general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, or a bankruptcy petition is filed or presented against the Borrower or any Covenantor or the Borrower or any Covenantor shall be subject to any proceeding under any other provision of the Bankruptcy and Insolvency Act or any other Act for the benefit of creditors and the same

- not be in good faith disputed by the Borrower or any Covenantor as the case may be;
- f) the occurrence of a default under any other security or agreement made or assumed by the Borrower or any Covenantor in favour of any person in connection with the Property or made or assumed by the Borrower or any Covenantor in favour of the Lender whether or not such security or agreement is in connection with the Property; or
  - g) a receiver, receiver-manager or receiver and manager of the Borrower or any Covenantor, or of any material part of its properties, assets or undertakings, is appointed.

**16. ACKNOWLEDGEMENT BY BORROWER:**

The Borrower acknowledges to the best of their knowledge that the Tenancy Schedule/Rent Roll attached hereto as Schedule "C", is a true representation of the current leasing status for the Property.

**17. GENERAL CONDITIONS OF LENDING:**

- a) No registered secondary debt is permitted on title without the Lender's prior written consent. In the event that consent for secondary debt is requested, such secondary debt is to be approved by the Lender and require the second mortgagee to execute a priority agreement prepared by the Lender's solicitors.
- b) The Borrower will provide biennial post-tensioning system review reports for the Property prepared by a qualified Engineering firm commencing in January 2016. All recommendations, as applicable, will be required to be satisfied by September 30<sup>th</sup> of the same calendar year.
- c) The following attached schedules form an integral part of the Commitment Letter:
  - Schedule "A" – Further Terms and Conditions
  - Schedule "B" – Insurance Broker Contact and Consent Form
  - Schedule "C" – Tenancy Schedule/Rent Roll
  - Schedule "D" – About Your Business Form

**18. THE LENDER'S SOLICITORS:**

Legal work and documentation will be performed on behalf of the Lender by:

Terence G. Lidster, Borden Ladner Gervais LLP

Phone No.: 403-232-9573 Fax No.: 403-266-1395 Email: [tlidster@blgcanada.com](mailto:tlidster@blgcanada.com)

**19. TIME FOR ACCEPTANCE:**

The Borrower and Covenantors may accept the Commitment Letter by returning the enclosed duplicate copy to the Lender, duly executed where indicated, together with the Commitment Fee in the amount of \$40,000 on or before March 16, 2015. Failing such acceptance, this Commitment Letter shall be of no further force or effect. Upon acceptance, this Commitment Letter shall constitute a binding agreement between the Lender and the Borrower.

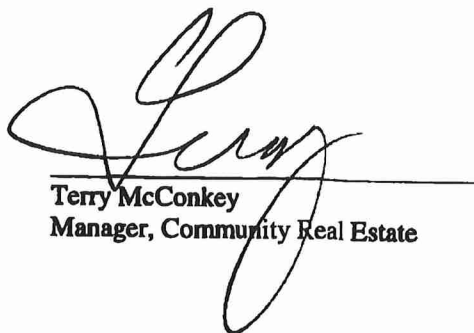
Thank you for this opportunity to assist you with your re-financing requirements. Should you have any questions or comments, please do not hesitate to call.

Yours very truly,

**CITIZENS BANK OF CANADA**  
by its authorized signatories



Ron Woo  
Sr Account Manager, Community Real Estate



Terry McConkey  
Manager, Community Real Estate

**BORROWER'S AND COVENANTORS ACCEPTANCE**

The Borrower and Covenantors hereby acknowledge and agree to the terms and conditions contained in the Commitment Letter, and authorize the Lender to instruct its solicitors to prepare the documentation in connection with the Loan. The Borrower and Covenantors further acknowledge that the fees set forth in the Commitment Letter are a reasonable estimate of the Lender's cost incurred in investigating and preparing the Loan, and of holding monies available to fund the Loan, and that the aforesaid fees shall be deemed earned by the Lender even if the Loan is not advanced.

Dated this 11 day of March, 2015.

**BORROWER:**

**First Street Plaza (2006) Limited Partnership**  
By its authorized signatories

Per:   
Name/Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

**First Street Plaza GP Ltd.**  
By its authorized signatories

Per:   
Name/Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

**COVENANTOR(S):**

**Irrational Exuberance Corporation**  
By its authorized signatories

Per:   
Name/Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

**Riaz Mamdani**



Please provide the Borrower's solicitor contact information:

Name:	Stephen Livengant, B.C.
Law Firm:	McCarthy Tetrault LLP
Address:	4000, 421-7 Ave SW, Calgary, AB T2P 4K9
Phone Number:	(403) 260-3633

## SCHEDULE "A" - FURTHER TERMS AND CONDITIONS

### **A. Disbursement of Funds:**

The Loan will be disbursed upon all of the conditions herein being fulfilled.

### **B. Appraisal:**

It is a condition of the Commitment Letter and the advance of the Loan that the Lender receives a satisfactory appraisal report prepared and/or reviewed by an appraiser with an AACI designation.

### **C. Survey:**

It is a condition of the Commitment Letter and the advance of the Loan that the Lender receives a surveyor's certificate by a qualified Lands Surveyor indicating the boundaries of the Property, the location of the improvements thereon, and certification that all improvements are wholly within the boundaries of the Property, or where such is not the case, specific identification of encroachments, and that the location of the improvements is in compliance with all municipal and civic siting bylaws and regulations.

### **D. Insurance:**

#### **Property:**

It is a condition of the Commitment Letter and the advance of the Loan that the Borrower insure or cause the Property to be insured, and keep insured for its full insurable "replacement value/cost" without deduction for foundations and footings, on an all-risk or broad form basis with extended risks including flood, earthquake, sewer back-up coverage, by-law extensions, loss of rental income coverage (minimum 12 month period of indemnity), without any "same or adjacent site" restriction. There must either be a Stated Amount clause to waive the coinsurance condition or confirmation that there is no coinsurance applicable to the building(s).

#### **Boiler & Machinery:**

Boiler & Machinery coverage on a comprehensive repair or replacement cost basis and including By-law extensions and rental income coverage with a minimum 12 month period of indemnity, or such other period of indemnity as may be reasonably required by the Lender.

#### **Liability:**

Commercial General Liability coverage in a minimum amount of \$5,000,000 per occurrence must be in place. The foregoing liability insurance may be satisfied by a combination of primary, umbrella or excess policies. The Liability policy must show the Lender as an "Additional Insured".

#### **General:**

Signed Certificates of Insurance or Signed Binders of Insurance will suffice as satisfactory evidence of insurance at time of funding the Loan. A certified copy of insurance (the "Policy") shall be supplied to the Lender as soon as it is available from the insurers.

The Policy shall remain in full force and effect throughout the Term of the Loan, or any renewal thereof. The Policy must be satisfactory to the Lender and its insurance consultant. The cost of the insurance review will be for the sole account of the Borrower.

The Policy must show the Lender as first loss payee and mortgagee, include a Standard Mortgage Clause, and shall provide at least 30 days prior written notice of cancellation to the Lender, except for non-payment when statutory conditions may apply. The Policy shall be permitted to contain reasonable deductibles.

The insurance requirements contained herein are a minimum guide and in no way represents an opinion as to the full scope of insurance coverage a prudent Borrower would arrange to adequately protect its interest, and/or the interests of the Lender. The Lender may require the Borrower to obtain additional insurance coverage, acting reasonably. The Lender reserves the right to require an updated insurance consultant review at time of Loan renewal or every 5 years, whichever is earlier.

### **E. Property Taxes:**

Property taxes shall be in a current position at the time of the initial loan advance. The Borrower agrees to provide the Lender with a paid receipted tax bill by August 1st of each calendar year. The Lender reserves the right to collect 1/12th of the estimated annual property taxes with the regular monthly payment of principal and interest.

**F. Sale of Property:**

The whole of the amount outstanding on the Loan, including interest, shall be due and payable at the option of the Lender if the Borrower sells, agrees to sell, transfers, or otherwise disposes of its interest in the Property.

**G. Change of Control of the Borrower:**

If the Borrower is a corporation, the whole of the amount outstanding on the Loan, including interest shall be due and payable, at the option of the Lender, if there is in the opinion of the Lender, an effective change of control of the Borrower after the date hereof.

**H. Prohibited Businesses**

The Borrower shall not operate, nor allow any tenant to operate a business on the Property that:

- a) is sexually exploitive or that is inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; or
- b) is engaged in or associated with illegal activities.

**I. Cancellation:**

The Lender may cancel this Commitment Letter if:

- a) there is in the opinion of the Lender, acting reasonably, a material adverse change in the risk to the Lender; or
- b) the Borrower, or any agent of the Borrower, or any officer or director of the Borrower if the Borrower is a corporation, shall have made any material misrepresentation in connection with the Loan, or in the application for the Loan; or
- c) the Conditions Precedent to Funding under Section 14 have not been satisfied (or waived by the Lender) and the Loan has not been advanced within **60 days** of the date of this Commitment Letter.

**J. Documentation:**

The preparation of all Security and any other documentation in connection with the Loan, including registration thereof, shall be done by the solicitors for the Lender. Prior to any advance under the Loan, the Lender's solicitors must be satisfied that the applicable constating documents of the Borrower permit the mortgage transaction and the grant of Security.

**K. Solicitor's Opinion:**

The whole of these arrangements shall be subject to the solicitors for the Lender being satisfied as to the title of the Property, the form and content of the Security documents, the corporate status of the Borrower if the Borrower is a corporation, and as to all legal matters pertaining to the Loan and compliance with the conditions herein, subject always to the right of the solicitors for the Lender to require an opinion from the solicitors for the Borrower pertaining to any of the aforesaid.

**L. Joint Obligations:**

If the Borrower is comprised of more than one person, the obligations of the Borrower herein shall be joint and several obligations of all and each of the persons comprising the Borrower, and every reference to the Borrower shall be deemed to be a reference to all and each of the persons comprising the Borrower.

**M. No Assignment:**

The Commitment Letter may not be transferred or assigned by the Borrower.

**N. Non-merger:**

Neither the execution nor registration of the mortgage nor the advance of the Loan or any part thereof will relieve the Borrower from any obligation or conditions herein. If the provisions of the mortgage or any other documents executed pursuant hereto conflict with the provisions hereof, the provisions of the mortgage or other document shall prevail.

**O. Commencement of Interest Computation:**

Interest on the Loan shall commence to accrue as and from the day the proceeds of the Loan are forwarded to the solicitors for the Lender, notwithstanding that the proceeds may not actually be received by the Borrower on that day.

**P. Independent Legal Advice:**

Independent legal advice is required in all cases where there is a Covenantor(s) involved in the Loan unless the Lender's solicitors are satisfied that independent legal advice is not necessary.

**Q. Hazardous Substances Indemnity:**

In addition to any liability imposed on the Borrower under any instrument evidencing or securing the Loan indebtedness, the Borrower shall be liable for any and all of the Lender's costs, expenses, damages or liabilities, including, without limitation, all reasonable attorney's 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 be evidenced in a manner satisfactory and sufficient in the opinion of the Lender and its counsel, to survive foreclosure of its mortgage or a deed in lieu thereof or any exercise by the Lender of any remedies available to it for any default under the mortgage Loan.

**R. Annual Reporting Requirements:**

The Lender performs an "Annual Review" on each commercial loan in its portfolio. As such, upon written request by the Lender, the Borrower will provide updated information each year during the Term of the Loan including, but not limited to, financial statements, tenancy schedule, lease(s), confirmation of adequate insurance coverage and payment of property taxes. For greater certainty, non-compliance of this section shall be deemed an event of default under the Commitment Letter and the Security.

**S. Outstanding Work Orders:**

There shall be no outstanding work orders/deficiencies affecting the Property during the Term.

**T. Syndication:**

The Lender shall have the right to syndicate, sell, assign or transfer all or any portion of the Loan in its sole discretion, whether directly or by way of securitization (each person to whom the Loan is so syndicated, sold, assigned or transferred, a "Participant"). The Borrower and Covenantor(s), as applicable, (i) hereby authorize the Lender to release any information in the Lender's file regarding the Borrower and Covenantor(s), as applicable, to a potential Participant, and (ii) shall enter into such agreement with the Lender and each such Participant as the Lender may request at any time and from time to time, in connection with any such syndication, sale or assignment.

**U. Lender's Role:**

Nothing contained in this Commitment Letter or any related documentation shall in any way be deemed to be or be construed as creating the relationship of joint venturers, partners, or co-venturers between the Borrower on one part and the Lender or any Participant on the other part.

**V. Broker's Role:**

It is acknowledged by the Borrower and the Lender that any broker or agency through which this Commitment Letter is transmitted, as applicable under the circumstances, is an independent professional. As such, the broker's role is one of facilitation and provision of advice and service to the Borrower. Fees for these brokerage services are the Borrower's sole responsibility, settlement of which may be considered a precondition to any advance of funds by the Lender.

**W. Protection of Personal Information:**

The Borrower and Covenantor(s), as applicable, hereby agree that the Lender and any Participant may collect, use, and disclose personal information. The Lender is committed to ensuring the accuracy, confidentiality, and integrity of personal information. The Lender and any Participant may collect, use, and disclose personal information only for the specific purposes of arranging the transaction as contemplated in Section T above, offering financial products and services, ensuring a high standard of service, meeting regulatory and legal requirements, managing and transferring the Lender's assets and liabilities, and verifying identity.

The Lender and any Participant may collect personal information through product and service arrangements made with the Lender, from credit bureaus and other financial institutions, and from any references provided to the Lender. The Lender and any Participant may share the information with credit bureaus, other financial institutions, its employees and business partners, but only as needed to provide the Borrower and Covenantors(s) with products

and services. Please note that certain of the business partners of the Lender or a Participant may be subject to the laws and regulations of other jurisdictions or countries. Only in exceptional circumstances will the Lender disclose information without consent, and only as permitted or required by law. The Lender will not sell information to third parties.

The Lender may share personal information within the Vancity Group of Companies to manage the full relationship, including marketing products and services that may be of interest. At any time, the Borrower and Covenantor(s) can opt out of receiving marketing offers from the Lender or limit the information that is shared for marketing purposes within the Vancity Group of Companies. The Lender has a Privacy Office which can be contacted at 1-888-708-8307 or by email at [privacy@citizensbank.ca](mailto:privacy@citizensbank.ca).

**X. Credit Report(s):**

The Borrower and each Covenantor consent to the Lender obtaining from any credit reporting agency or from any person such information as the Lender may require at any time, and consents to the disclosure at any time of any information concerning the Borrower and any Covenantor to a potential Participant or any credit grantor with whom the Borrower and any Covenantor has financial relations or to any credit reporting agency.

**Y. Expenses:**

All expenses associated with this Commitment Letter including, but not limited to, legal, appraisal, environmental, inspection, survey and insurance, are for the Borrower's account. The Borrower is solely responsible for the settlement of all expenses whether or not the legal documentation is completed, or any funds are advanced hereunder. At the discretion of the Lender, any unpaid expenses may be deducted from the proceeds of the Loan advance(s).

**Z. Ethical Principles:**

Vancity, together with its subsidiaries, is a financial co-operative with a vision to redefine wealth and is committed to being a social, environmental, and ethical leader. Vancity strives to enhance long-term Borrower and community well-being. Vancity also seeks to work with organizations that demonstrate alignment with Vancity's guiding Ethical Principles for Business Relationships:

- Accountable and sustainable business leadership that engages in cooperative principles and practices.
- Economic and social inclusion for all people.
- Strong and resilient communities.
- Environmental and sustainability leadership.

**AA. Counterparts:**

The Commitment Letter may be signed in any number of counterparts and, if so executed, each such counterpart shall be deemed to be an original but all such counterparts shall be read and construed together as if they constituted one original.

**BB. Time of Essence:**

Time shall be of the essence of the Commitment Letter.

**SCHEDULE "B" - INSURANCE BROKER CONTACT AND CONSENT FORM**

Please provide the following information by forwarding a completed copy of this form to the Lender along with the accepted Commitment letter:

BORROWER: First Street Plaza (2006) Limited Partnership by its GP First Street Plaza GP Ltd.

SUBJECT PROPERTY ADDRESS: 138 - 4 Ave. SE., Calgary, AB

INSURANCE BROKER: Rogers Insurance Ltd.

CONTACT PERSON: Michelle Nelson

TELEPHONE NUMBER: (403) 296-2400

FACSIMILE NUMBER: \_\_\_\_\_

E-MAIL ADDRESS: mnelson@rogersinsurance.ca

I/We hereby authorize the above noted Insurance Broker to release the insurance information required by Citizens Bank of Canada and their insurance consultant for this transaction.

**First Street Plaza (2006) Limited Partnership**  
By its authorized signatories

Per:   
Name/Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name/Title: \_\_\_\_\_

**First Street Plaza GP Ltd.**  
By its authorized signatories

Per:   
Name/Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name/Title: \_\_\_\_\_



**SCHEDULE "C" - TENANCY SCHEDULE/RENT ROLL**

Unit #	Tenant Name	Area Leased (sq. ft.)	Maturity Date	Lease Rate per Sq. Ft.	Annual Rent
100	Instant Passport	687	30-Nov-18	\$38.00	\$26,106
100A	Calgary Immigrant Women's Association	335	28-Feb-24	\$16.00	\$5,360
100B	Calgary Immigrant Women's Association	1,949	28-Feb-24	\$16.00	\$31,184
100C	Calgary Immigrant Women's Association	400	28-Feb-24	\$16.00	\$6,400
103	Joshua Tree Café One Inc.	1,194	30-Sep-20	\$25.00	\$29,850
200	Calgary Immigrant Women's Association	9,089	28-Feb-24	\$16.00	\$145,424
310	Calgary Immigrant Women's Association	3,452	28-Feb-24	\$16.00	\$55,232
355	Calgary Immigrant Women's Association	4,059	28-Feb-24	\$16.00	\$64,944
380	Calgary Immigrant Women's Association	1,999	28-Feb-24	\$16.00	\$31,984
400	Lloyds Register North America Inc.	7,493	30-May-16	\$10.00	\$74,930
401	<i>vacant</i>	2,214		\$0.00	\$0
500	Calgary Immigrant Women's Association	9,707	28-Feb-24	\$16.00	\$155,312
600	<i>vacant</i>	1,660		\$0.00	\$0
610	Bayou Perma-Pipe Canada Ltd.	4,441	30-Apr-19	\$18.50	\$82,159
620	Canadian Association of Petroleum Land Admin	2,527	03-Dec-21	\$10.00	\$25,270
628	Maraval Resources Ltd.	1,081	31-Jul-15	\$19.00	\$20,539
700	West Rock Energy Consultants Ltd.	5,376	30-Sep-22	\$18.00	\$96,768
710	Stephenson Engineering Ltd.	2,188	31-Aug-19	\$18.00	\$39,384
720	West Rock Energy Consultants Ltd.	2,211	30-Sep-22	\$21.00	\$46,431
800	Enesco Energy Services Corp.	9,711	31-May-17	\$12.00	\$116,532
<b>Total</b>		<b>71,773</b>		<b>\$ 15.52</b>	<b>\$1,053,809</b>

**Acknowledged by the Borrower as correct, please initial:**



**SCHEDULE "D" – ABOUT YOUR BUSINESS FORM**

**a. Name of Borrowing Entity (ie. Borrower and owner of the securing Property)**

First Street Plaza (2006) Limited Partnership by its GP First Street Plaza GP Ltd.  
legal name of business/organization

trade name, if applicable

400,630-8 Avenue SW      Calgary      Alberta      T2P 1G6  
business address      city      province      postal code

mailing address (if different from above)      city      province      postal code

(403) 770-2200      (403) 770-2289  
business phone      cell phone      fax

for corporations only:

2012988859      Alberta  
registered corporation #      place of issuance

for registered charitable organizations only:

Canadian registered charity #       yes       no  
donations solicited from public?

Riaz Mambani      (403) 770-2291      riaz@mambani.com  
business contact      title      phone      email

real estate  
primary function of business

- sole ownership       limited partnership       incorporated       unincorporated

Note: Citizens Bank of Canada ("Citizens Bank") is a wholly owned subsidiary of Vancouver City Savings Credit Union ("Vancity"). Any reference to Citizens Bank also includes Vancity.

**b. Beneficial Ownership of the Property (securing your commercial mortgage)**

According to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its Regulations, Citizens Bank of Canada ("Citizens Bank") must meet certain record keeping requirements. Please record information below in regard to the individuals who own or control 25% or more of the Property. This includes individuals who are not signers on the account.

\* Note: Please provide a descriptive occupation such as Real Estate Investor or Land Developer (ie. 'businessman' or an individual's job title will not be sufficient).

Riazmandani	2211-7 Street SW, Calgary, AB T2T 2X3		100%
name	home address	occupation*	% ownership/control

name	home address	occupation*	% ownership/control

name	home address	occupation*	% ownership/control

name	home address	occupation*	% ownership/control

**VERIFICATION OF BENEFICIAL OWNERSHIP OR CONTROL:**

I have personal knowledge of the information provided in Section B above and certify it to be true:

Riaz mandani, President



march 11 / 15

Print: Name, Title and Company

Signature

Date

*If individual ownership percentages cannot be determined, please explain why (ie. no one individual has 25% or more interest in the Property, or it is owned by a society or a co-operative, etc.) and in lieu of ownership please indicate those individuals with a controlling/management interest in the Property. If beneficial ownership is held in a corporate name, please indicate same and provide a separate About Your Business form detailing that corporation's individual ownership or control.*

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**c. Officer(s) Signature and Identity Verification (to be witnessed by a Notary or Lawyer)**

According to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its Regulations, Citizens Bank must meet certain record keeping requirements, and verify the identity of up to three individuals who have the authority to give instructions in respect of the account. For those accounts on which more than three individuals have the authority to give instructions in respect of the account, the identity of only three must be verified. On accounts where the corporation has three or fewer individuals who have the authority to give instructions in respect of the account, the identity of all such individuals must be verified. The notary public or lawyer who witnesses this form is acting on behalf of Citizens Bank for the purposes of ascertaining and verifying the identification of the officers with authority to give instructions in respect of the account.

**Acknowledgement & consent:**

By signing below, you acknowledge that you have read and understood the protection of personal information and consent to Citizens Bank obtaining such credit information about you as required from time to time.

**❶ first loan signatory**

mamdani Riaz April 19, 1968 640415584  
(optional) last name first name middle name date of birth social ins #

2211-7 Street S.W. Calgary Alberta T2T 2X3  
 home address city province postal code

Operator's Licence 134666-502 Alberta  
 primary identification type (\*see next page for examples) reference # place of issue

Passport BA314882 Canada  
 secondary identification type reference # place of issue

Loan signatory – I have the authority to bind the corporation

**❷ second loan signatory**

\_\_\_\_\_ last name first name middle name date of birth social ins #  
(optional)

\_\_\_\_\_ home address city province postal code

\_\_\_\_\_ primary identification type (\*see next page for examples) reference # place of issue

\_\_\_\_\_ secondary identification type reference # place of issue

Loan signatory – I have the authority to bind the corporation

**❸ third loan signatory**

\_\_\_\_\_ last name first name middle name date of birth social ins #  
(optional)

\_\_\_\_\_ home address city province postal code

\_\_\_\_\_ primary identification type (\*see next page for examples) reference # place of issue

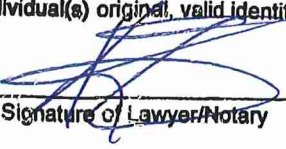
\_\_\_\_\_ secondary identification type reference # place of issue

Loan signatory – I have the authority to bind the corporation

**\*IDENTIFICATION REQUIRED:**

Two pieces of identification are required; one must be a primary piece. Acceptable primary identification includes: driver's license, passport, citizenship, etc. Secondary ID includes major credit cards, provincial health card (not permitted in PEI, Manitoba, or Ontario), and birth certificate.

I personally verified and recorded, on behalf of Citizens Bank, the identity(ies) of each individual(s) by physically examining each individual(s) original, valid identification as recorded above (in section c) and with their signature.

X   
Signature of Lawyer/Notary

~~Katarzyna Czekanska~~  
Student-at-Law  
Katarzyna Czekanska  
Name (Please Print)  
Suite 4000, 421-7AVE SW Calgary AB  
Address  
TRP 4K9

**d. Execution in Counterpart**

Katarzyna Czekanska  
Student-at-Law

This document may be executed in counterparts, each of which shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to be dated the date hereof.

**e. General Acknowledgement**

By completing and signing this form, you are applying for one or more accounts with Citizens Bank and/or Vancity on behalf of the business named on page one. By signing below, each individual certifies that the information provided in this form is true and correct.

  
signature name title date  
Biazmamdani Resident March 11, 2015

signature name title date

signature name title date

Please be aware that under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act and its Regulations, Citizens Bank is required to maintain current information in your About Your Business form. Accordingly, please provide a revised About Your Business form when there has been a:

- change in the beneficial ownership of the Property securing your commercial mortgage;
- change in one or more of the loan signatories for your commercial mortgage; and
- Every 5 years (even if the ownership and/or loan signatories have not changed).

If your commercial mortgage is subject to annual reviews you will be reminded at each annual review to provide an updated About Your Business form if there have been changes in the ownership or loan signatories. Your assistance with this is appreciated.

**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

**IMAGE OF DOCUMENT REGISTERED AS:**

**151080304**

**ORDER NUMBER: 38503909**

**ADVISORY**

**This electronic image is a reproduction of the original document registered at the Land Titles Office. Please compare the registration number on this coversheet with that on the attached document to ensure that you have received the correct document. Note that Land Titles Staff are not permitted to interpret the contents of this document.**

**Please contact the Land Titles Office at (780) 422-7874 if the image of the document is not legible.**

## LAND TITLES ACT

### MORTGAGE

**FIRST STREET PLAZA GP LTD.**, having an office at 400, 630 – 8 Avenue SW, Calgary, Alberta T2P 1G6 (hereinafter referred to as the “Mortgagor”) as general partner for **FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP** being registered as owner of an estate in fee simple in possession of that piece of land situated in the Province of Alberta described as follows:

**PLAN C  
BLOCK 16  
LOTS 21 TO 24 INCLUSIVE  
EXCEPTING THEREOUT A PORTION  
FOR STREET WIDENING ON PLAN 8310173  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

(which together with the buildings, improvements and fixtures thereon and therein being referred to as the “**Land**” or “**Lands**”);

IN CONSIDERATION of the sum of \$15,850,000.00 of lawful money of Canada, (the “Principal Sum”) lent to **FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP**, through its general partner, **FIRST STREET PLAZA GP LTD.**, by **CITIZENS BANK OF CANADA**, a Canadian chartered bank having an office at 5<sup>th</sup> Floor, 183 Terminal Avenue, Vancouver, B.C., V6A 4G2 (hereinafter referred to as the “Mortgagee”) the receipt of which sum the Mortgagor does hereby acknowledge, **HEREBY COVENANTS WITH** the Mortgagee as follows:

#### PAYMENTS

1. The Mortgagor as general partner for **FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP** will pay to the Mortgagee in lawful money of Canada, the Principal Sum lent to the Mortgagor as aforesaid and interest thereon at 3.25% per annum, calculated half-yearly not in advance, before maturity, both before and after default, and both before and after judgment on this mortgage (which interest rate calculated as aforesaid is sometimes hereinafter referred to as the “Mortgage Rate”) as follows:
  - (a) interest at the Mortgage Rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and be paid on April 1, 2015 (hereinafter referred to as the “Date for Adjustment of Interest”) on which date all accrued interest owing hereunder shall be paid; and
  - (b) thereafter the aforesaid sum together with interest thereon at the Mortgage Rate, computed from the Date for Adjustment of Interest, shall become due and be paid by monthly instalments of \$89,726.00 each (which include principal and interest) on the first day of each and every month in each and every year from and including May 1, 2015 to and including April 1, 2020 (the “Fixed Rate Term”). The said monthly instalments each when received are to be applied firstly to the interest calculated as aforesaid and the balance, if any, of the said monthly instalments shall be applied on the account of and in reduction of principal, provided however that if the Mortgagor is in default under any provision of this mortgage then during such period of default, the Mortgagee may apply such payments to interest, principal or any other moneys payable under this mortgage in whatever order or manner which the Mortgagee elects.
2. (a) In the event the Mortgagor does not repay the principal, interest and all other moneys owed upon maturity of the Fixed Rate Term which it shall have the right to do, and in the absence of formal renewal, the Mortgagor will pay to the Mortgagee in lawful money of Canada **on demand** the Principal Sum, or so much thereof as is outstanding at the time of demand, together with interest thereon at a variable rate per annum equal to 5% per annum above the prime rate (as hereinafter defined) of the Mortgagee in effect from time to time, calculated monthly not in advance as well after as before maturity, default and judgment, on the Principal Sum remaining unpaid from time

to time on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be, and compounded monthly not in advance as well after as before maturity, default and judgment and after maturity and computed from the last day of the Fixed Rate Term, which interest shall become due and be paid in monthly instalments on the first day of each month commencing the month next following the month in which the last day of the Fixed Rate Term occurs. The Mortgagee's prime rate means the annual rate of interest announced from time to time by the Mortgagee, Main Branch, Vancouver, British Columbia as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. A Certificate of a Vice-President of the said Bank shall be conclusive evidence of the said Bank's prime rate from time to time. In the event that the said Bank's prime rate is either increased or decreased from time to time while monies are owing by the Mortgagor hereunder, then the interest rate payable hereunder shall be increased or decreased accordingly. If for any reason the prime interest rate cannot be established for any period then such rate for such period shall be deemed to be the prime interest rate in effect immediately prior to such period of time.

- (b) If demand has not been previously made by the Mortgagee, the balance of the Principal Sum, if any, interest thereon and any other moneys payable hereunder shall be payable by the Mortgagor on the day which is 180 days from the last day of the Fixed Rate Term.

#### AMENDMENTS

3. In the event the monies advanced hereunder are not advanced by the contemplated date or the Date for Adjustment of Interest, if any, then the Mortgagee may, at its sole option, amend any or all of the date for adjustment of interest, the date of the first payment and the date of the final payment herein, by notice in writing to the Mortgagor and/or by way of an amending agreement which agreement the Mortgagor agrees to execute promptly and return to the Mortgagee's solicitor.

#### COMPOUND INTEREST

4. It is hereby agreed that in case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof as aforesaid, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid in one month from the time of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the said Lands.

#### RENEWALS

5. In the event that this mortgage shall be renewed or extended, such renewal or extension (and the rate of interest, term, instalment and other stipulations of such renewal or extension) shall be binding upon the Mortgagor, its successors in title and assigns, and all subsequent mortgages, encumbrances and other interests in or of the mortgaged premises (subsequent to this Mortgage and together hereinafter called "Subsequent Encumbrances"), and shall take full priority over all Subsequent Encumbrances, whether or not the said renewal or extension is filed or recorded by caveat at the applicable Land Titles Office and whether or not the rate of interest payable or payment amortization period applicable during the renewal or extension term is greater than or less than the rate or amortization stipulated in this Mortgage. The Mortgagor shall, forthwith on request therefor by the Mortgagee, provide to the Mortgagee, at the Mortgagor's expense, all such postponements and other assurances as the Mortgagee may require to ensure the foregoing binding effect and priority. All renewals (if any) shall be done at the Mortgagor's expense (including without limitation payment of Mortgagee's legal expenses on a solicitor and his own client basis). In the event the within Mortgagor is a corporation, no such renewal or extension, even if made by a successor in title to the Mortgagor named herein and whether or not the Mortgagor shall consent thereto, shall in any way release or abrogate or render unenforceable the covenants or obligations of the Mortgagor named herein, which shall continue notwithstanding such renewal or extension and shall apply to this Mortgage as renewed or extended.



**PREPAYMENT**

6. Provided that the Mortgagor is not in default under this mortgage, or under any other security, the Mortgagor shall have the right to prepay the loan at any time during the term, in whole or in part, upon payment to the Mortgagee of the greater of:
- (a) an additional 3 months of interest at the Mortgage Rate on the amount so prepaid; or
  - (b) a yield maintenance fee based upon the difference between the Mortgage Rate and the appropriate Government of Canada bond or treasury bill yield for the remaining term, as calculated by the Mortgagee.

**TAXES**

7. Subject as hereinafter in this paragraph provided, the Mortgagor will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the Land or premises thereon or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes, local improvements charges and all taxes and levies made or assessed in lieu of real property taxes (hereinafter together referred to as "taxes") the Mortgagor shall provide the Mortgagee with a paid receipted tax bill by August 1, of each year, and in the event the Mortgagor should default in payment of same, the Mortgagee shall have the right to implement any of the following:
- (a) the Mortgagee may deduct from time to time, from advances of moneys under this mortgage, amounts sufficient to pay the taxes which have become due and payable or will have become due and payable and are unpaid from time to time as advances are made;
  - (b) the Mortgagor shall in each year during the currency hereof at the request of the Mortgagee pay to the Mortgagee in equal monthly instalments, such amounts as the Mortgagee may estimate as being the annual taxes next becoming due and payable, the said monthly instalments to be paid with and in addition to the monthly instalments of interest due and payable under this mortgage, and the Mortgagor shall also pay to the Mortgagee before the due date of the current annual taxes such additional sums as may be requisite to enable the Mortgagee to pay out of such monthly instalments and additional payments, the whole amount of the annual taxes on or before the due date thereof;
  - (c) notwithstanding the foregoing provisions, the Mortgagee may deduct from any advance or advances of the moneys secured by this mortgage, an amount or amounts, estimated by the Mortgagee, which together with the ensuing monthly payments by the Mortgagor to the Mortgagee on account of taxes as estimated by the Mortgagee, will be sufficient to fully pay and discharge such taxes as may be levied following the date that the first monthly instalment is due hereunder. If the taxes in respect of which such deduction is to be made are not yet due and payable when advances are made hereunder, the Mortgagee may estimate the amount of such taxes, which estimate shall be deemed to be the amount of such taxes for the purpose of such deduction. If the amount of taxes that are levied exceed the estimated amount, then such excess shall forthwith become due and payable by the Mortgagor to the Mortgagee in addition to the other payments herein provided to be made;
  - (d) notwithstanding the foregoing, where the period between the date that the first monthly instalment is due hereunder and the next following due date for taxes is less than one year, the Mortgagee may at its option and as an alternative to or in addition to deduction of tax payment moneys from advances, require the Mortgagor to pay (and the Mortgagor shall pay accordingly) to the Mortgagee in equal monthly instalments during such period and during the next succeeding twelve-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said succeeding twelve-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said

succeeding twelve-month period expires; and the Mortgagor shall also pay to the Mortgagee forthwith on demand the amount, if any, by which the actual taxes exceed such estimated amount;

- (e) so long as an Event of Default has not occurred, the Mortgagee shall apply such deduction and payments on the taxes as they become due, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly, nor to pay the same in advance of the due date for payment of the same. Provided however, that if (before any sum or sums so paid to the Mortgagee shall have been so applied) an Event of Default shall have occurred, the Mortgagee may, at its option, apply such sum or sums in or towards payment of the principal, interest and/or other amount in default;
- (f) in default of the payment by the Mortgagor of moneys for taxes as aforesaid, then the Mortgagee may pay such taxes. The Mortgagee may also pay any liens, charges and encumbrances which may be charged against the Land. All moneys expended by the Mortgagee for any of such purposes together with interest thereon at the Mortgage Rate shall be added to the Principal Sum hereby secured, and repaid by the Mortgagor to the Mortgagee forthwith, and until repaid shall be a charge on the Land;
- (g) if the Land or any part thereof becomes subject to sale or forfeiture for nonpayment of taxes while any sum remains unpaid under this mortgage, the Mortgagee may acquire title and rights of the purchaser at any sale, or the rights of any other person or corporation becoming entitled on or under any such forfeiture, or the Mortgagee may pay, either in its own name or in the Mortgagor's name or on the Mortgagor's behalf, any and all sums necessary to be paid to redeem the Land so sold or forfeited, and to re-vest the Land in the Mortgagor, and the Mortgagor hereby nominates and appoints the Mortgagee agent of the Mortgagor to pay such moneys on the Mortgagor's behalf and in the Mortgagor's name, and any moneys so expended by the Mortgagee shall be repaid by the Mortgagor forthwith and until repaid shall be a charge on the Land, or in the alternative the Mortgagee shall have the right to bid on and purchase the Land at any tax sale of the same and shall thereupon become the absolute owner thereof;
- (h) the Mortgagor shall transmit to the Mortgagee all tax bills and other notices affecting the imposition of taxes forthwith after receipt of same by the Mortgagor, and the Mortgagor authorizes the Mortgagee to obtain any tax or assessment information concerning the Land directly from the municipal taxing authority having jurisdiction over the Land.

#### INSURANCE

8. (a) The Mortgagor will at the Mortgagor's expense, forthwith insure or cause to be insured, and during the continuance of this security keep insured in favour of the Mortgagee, each and every building on or which may hereafter be erected or placed on the Land, and all plate glass, equipment and machinery of the Mortgagor therein, thereon or used in connection therewith, and the contents thereof to the extent that they are the property of the Mortgagor (in this clause severally referred to as the "Mortgaged Premises") against such risks or perils as the Mortgagee may require or consider expedient, which may include without limitation, loss or damage by fire, wind-storm, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage and, to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam, any closed circulation hot water heating system, any pressure vessel system and any air conditioning system, by the escape of water from any sprinkler system or other piping within or operated upon the Land. All such insurance shall be with all risk coverage and replacement cost endorsements and in such amounts, all as the Mortgagee may reasonably require, to their full insurable value or sufficient to protect the Mortgagee and the Mortgagor from becoming co-insurers in respect of any loss, in each case with an insurance company or companies acceptable to the Mortgagee. The Mortgagor will not do or suffer anything whereby the said policy or policies may be vitiated, and will pay all premiums and sums of money necessary for such purposes as the same become due. The Mortgagor also covenants that it will during the continuance of this security as required by the Mortgagee maintain general public liability and property damage insurance against claims for personal injury, death or

property damage occurring in or about the Mortgaged Premises, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require.

- (b) If any portion of the Land is now, or at any time during the term hereof rented or leased by the Mortgagor to any tenant or tenants, the Mortgagor shall, at the option of the Mortgagee, keep the Land insured in a form and wording satisfactory to the Mortgagee, against loss of rental income in an amount as the Mortgagee may from time to time require.
- (c) The Mortgagor shall put in place and provide the Mortgagee with evidence of such other types of insurance as may be reasonably required from time to time by the Mortgagee or as required under any commitment letter for the loan and such insurance shall be in a form and wording satisfactory to the Mortgagee.
- (d) All such contracts of insurance shall be carried with licensed insurers and shall, except for the general public liability and property damage insurance, show loss payable to the Mortgagee, as the Mortgagee's interest may appear, and shall have attached thereto and forming a part thereof a mortgage clause approved by the Mortgagee. The Mortgagor will forthwith deliver to the Mortgagee the policy or policies or certificate or certificates of insurance and, prior to their due date when requested by the Mortgagee, evidence proving payment of the premiums and renewal premiums therefore.
- (e) The Mortgagor will forthwith on the happening of any loss or damage, at its expense furnish all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance moneys. If the Mortgagor shall neglect to keep any of the Land or the Mortgaged Premises insured as aforesaid, or to deliver such policy or policies, certificate or certificates and evidence proving payment of premiums or renewal premiums when requested by the Mortgagee, or to produce to the Mortgagee at least ten days before the termination of such insurance evidence of the renewal thereof, the Mortgagee shall, without reference to the Mortgagor, be entitled (but shall not be obliged) to insure the Land, or any part thereof, and for such amount or amounts as the Mortgagee may from time to time deem expedient, and the amount of any premiums paid by the Mortgagee shall bear interest at the Mortgage Rate and until repaid, shall be added to the amount hereby secured and be a charge upon the Land.
- (f) If any cheque issued by an insurer in complete or partial settlement of an insurance claim pursuant to the coverages above other than the coverage for general public liability insurance is given, sent or delivered to the Mortgagor or the solicitor or agent of the Mortgagor, then the Mortgagor shall cause such cheque to be delivered to the Mortgagee forthwith and if any such cheque is made payable to the Mortgagor alone or jointly to the Mortgagor and another or others, then the Mortgagor shall forthwith endorse and deliver such cheque over to the Mortgagee, and the Mortgagor does hereby constitute the Mortgagee as the Mortgagor's true and lawful attorney to receive and endorse any such cheque for and on behalf of the Mortgagor.
- (g) All moneys received by virtue of such policy or policies of insurance may at the option of the Mortgagee either be applied forthwith in or towards substantially rebuilding, reinstating or repairing the improvements on the Land or in or towards the payment of principal and interest or other moneys secured by this mortgage (whether or not the same are then due) in such manner as the Mortgagee shall from time to time determine, or may be paid in full or in part to the Mortgagor or its successors-in-title or its assigns, or may be applied or paid partly in one way and partly in another, as the Mortgagee may determine.

#### **PAYMENT METHOD**

9. The Mortgagor shall from time to time as required, provide a signed pre-authorized withdrawal form /or forms directed to the bank or financial institution at which the Mortgagor regularly keeps a chequing account, in such form and manner so as to enable the Mortgagee to receive payments of the monthly instalments payable hereunder and/or the Mortgagee's estimate of the monthly instalment for property taxes due hereunder, from the Mortgagor's account with such bank or financial institution. In the alternative, the Mortgagee may at its exclusive option and from time to time, require the Mortgagor to (and

if so required the Mortgagor shall) provide the Mortgagee with a series of twelve post-dated cheques each to cover such monthly instalments, payable at par at any office of the Mortgagee in Alberta designated for payment, to cover such monthly payments for any consecutive twelve month period during the term hereof. Any payments received by the Mortgagee which are payable on a non-juridical day on or after receipt thereof, shall be credited to the mortgage account on the next juridical day thereafter.

### CONSTRUCTION

10. In the event that this mortgage is a building or construction mortgage, the Mortgagor agrees with the Mortgagee that:
- (a) the building or buildings being erected or to be erected on the Land form part of the security for the full amount of the moneys secured by this mortgage;
  - (b) all advances on this mortgage are to be made from time to time in the future in accordance with the progress of construction of such building or buildings or upon its or their completion and occupation;
  - (c) it will construct the building, buildings, and other improvements on the Land in accordance with plans and specifications which have been or which may hereafter be approved by the Mortgagee, in accordance with applicable building codes, in accordance with the Mortgagee's construction standards, and will carry on diligently to completion the construction of the said building, buildings, and other improvements, and will complete such construction in compliance with the requirements of all municipal and other governmental authorities, laws, by-laws or regulations and will, when so required by the Mortgagee, supply the Mortgagee with evidence or confirmation from any such municipal or governmental authority of such compliance;
  - (d) in the event that any such building, buildings and other improvements now or hereafter in the course of construction remain unfinished and without any work being done for a period of ten consecutive days, the Mortgagee may enter the Land and do all work necessary to protect the same from deterioration and to complete the construction in such manner as the Mortgagee may deem expedient and through such contractors, sub-contractors, or agents as the Mortgagee in its sole discretion may choose, and any moneys expended by the Mortgagee pursuant to this subclause shall be a charge on the Land and bear interest at the Mortgage Rate and shall be deemed to constitute part of the mortgage moneys. No such entry or occupation by the Mortgagee shall constitute or be deemed to make the Mortgagee a mortgagee in possession;
  - (e) the Mortgagee shall be entitled, at the expense of the Mortgagor, to inspect all aspects of the construction and make tests of materials, and the Mortgagor will not cover any portion of the construction work requiring inspection by the Mortgagee until the Mortgagee has inspected the same, and the Mortgagor shall forthwith remedy and carry out again any work which does not conform to the Mortgagee's reasonable requirements;
  - (f) the Mortgagee shall not be obliged to hold back loan proceeds to provide the lien fund or other protection to the Mortgagor under the *Builders' Lien Act* (Alberta); provided that if the Mortgagee holds back loan proceeds in a manner similar to the way the said Act provides for an owner to make holdbacks then, notwithstanding such holdbacks by the Mortgagee, such holdbacks shall not constitute the lien fund under the said Act and the Mortgagee shall not be a mortgagee authorized by the owner to disburse money secured by a mortgage as referred to in the said Act.

### CONDOMINIUM

11. In the event the Land is or becomes a Condominium within the *Condominium Property Act* (Alberta), the Mortgagor further covenants with the Mortgagee that:
- (a) The Mortgagor will comply with, observe and perform all provisions of the *Condominium Property Act* (Alberta), its regulations and the bylaws, rules and regulations of the Condominium Corporation from time to time in force.

- (b) The Mortgagor shall pay on or before the due dates thereof, each and every assessment, contribution, charge, fine or levy made by or on behalf of the Condominium Corporation in respect of the unit charged hereunder (hereinafter collectively called "Assessments"). If the Mortgagor fails to pay the Assessments, on or before their due date, such failure shall constitute default hereunder and shall entitle the Mortgagee to exercise any and all remedies available to the Mortgagee upon the occurrence of an Event of Default. Upon default under this paragraph and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may pay the Assessments, and any Assessments so paid, together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the monies payable hereunder, and shall bear interest at the rate aforesaid from the date expended until paid and such amounts and interest shall be payable on demand to the Mortgagee and shall be a charge on the Land.
- (c) The Mortgagor hereby irrevocably authorizes the Mortgagee to apply at any time and from time to time to the Condominium Corporation for certification of the amount and manner in which any Assessment is payable and the extent to which such Assessment has been paid.
- (d) The Mortgagor hereby assigns, transfers and sets over unto the Mortgagee the Mortgagor's rights which now exist or may hereafter come into existence to vote at meetings of the Condominium Corporation:
- (i) In all cases in which a unanimous resolution is required by the *Condominium Property Act (Alberta)*, as amended, the bylaws of the Condominium Corporation or any agreement with the Condominium Corporation;
  - (ii) In all other cases other than as referred to in (i) of this clause, provided that, if the Mortgagee is not present in person or by proxy, or if present does not wish to vote, then the Mortgagor may exercise his voting right without further authority.
- (e) If for any reason whatsoever the Mortgagor has the right to vote at any meeting of the Condominium Corporation it shall, if directed by the Mortgagee, vote in such manner as the Mortgagee directs with respect to each and every matter to be voted on and the Mortgagor covenants to execute any documents requested by the Mortgagee, including, proxies if required, in order to give effect to the foregoing assignment of voting rights.
- (f) If requested by the Mortgagee, at least five (5) days prior to each and every general meeting of the Condominium Corporation, the Mortgagor shall deliver to the Mortgagee written notice of each such meeting specifying the place, date, hour and purpose of the meeting and in addition, immediately upon receipt of the same shall deliver to the Mortgagee true copies of the bylaws, rules and regulations of the Condominium Corporation from time to time in force, all notices, minutes, resolutions, accounts, financial statements and other documents relating to the financial statements and to the affairs of the Condominium Corporation as the Mortgagor may from time to time receive.
- (g) Upon the occurrence of an Event of Default and notwithstanding any other right or action of the Condominium Corporation or the Mortgagee, the Mortgagee may distrain for arrears of any Assessment paid by it and such distraint shall not result in the Mortgagee being a Mortgagee in possession.

### INSPECTION

12. The Mortgagee acting reasonably, at such time or times as it may deem necessary subject to the rights of tenants, and without the concurrence of any other person, may send its inspector or agent to report upon the value, state and condition of the said Lands and premises thereon, and make arrangements for the improving, repairing, finishing and putting in order of any building or improvements on the said Lands, and may expend money, for any and all the purposes aforesaid, as it may deem expedient, and all moneys expended, costs, charges and expenses, including allowance for the time and service of any officer or employee of the Mortgagee, or other person appointed for any of the above purposes, shall be forthwith

payable to the Mortgagee and the Mortgagor hereby covenants to pay the same, and the same shall be added to and become part of the Principal Sum hereby secured and shall be a charge upon the said Lands, and shall until paid bear interest at the rate hereinbefore provided.

#### RESTRICTION ON TRANSFER

13. In the event that portions of the mortgage loan proceeds are to be advanced from time to time, the Mortgagor shall not convey, transfer, mortgage, alienate, or otherwise encumber the Land nor allow the Land to be encumbered, until the full amount of the mortgage loan proceeds hereby secured shall have been advanced or until such time as it is determined that no further mortgage loan proceeds will be advanced; and any such dealing with the Land shall be deemed a breach of covenant unless and until the Mortgagee has expressly consented thereto.

#### ADVANCES

14. Neither the execution nor the registration nor the acceptance of this mortgage, nor the advance of part of the money secured hereby, shall bind the Mortgagee to advance the said Principal Sum or any unadvanced portion thereof notwithstanding the provisions of the loan approval or commitment letter issued by the Mortgagee with respect to this mortgage, but nevertheless this mortgage shall take effect forthwith on the execution of these presents, and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates, and the amount of such advances then so made together with interest at the Mortgage Rate shall be secured hereby.

#### SUBROGATION

15. In the event that the mortgage moneys advanced hereunder or any part thereof, are applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights and stand in the position of and be entitled to all the equities of the party so paid off whether such charge or encumbrance has or has not been discharged; and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off, shall be final and binding on the Mortgagor.

#### WASTE

16. The Mortgagor will not commit any act of waste on the said Lands or premises thereon or do any other thing by which the value of the said Lands or premises shall in the opinion of the Mortgagee be diminished and will at all times remain in actual possession of the said Lands. The Mortgagor will take good and reasonable care of all buildings and/or structures and improvements now or hereafter from time to time erected on the said Lands and without cost and expense to the Mortgagee manage, operate, maintain and keep or cause the same to be kept in good order, repair and condition throughout, both exterior and interior, structural or otherwise, and promptly make all required or necessary repairs and replacements thereto, including without limitation, the roof, walls, foundations and appurtenances, pipes and mains, and all other fixtures, machinery, facilities and equipment that belong to or are used in connection with the said Lands, all of the foregoing to the extent that a prudent owner would do. Notwithstanding the foregoing, the Mortgagor shall not be obligated to repair any damage caused by reasonable wear and tear which does not affect the use and enjoyment of the improvements beyond the extent to which they would ordinarily be repaired by a prudent owner. If, in the opinion of the Mortgagee, the said Lands are not at any time in proper state of repair, the Mortgagee may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a period of thirty (30) days and in the event of the Mortgagor not having complied or not being in the process of diligently complying with such requisition, the Mortgagee may authorize the making of such repairs or replacements by its agents, employees or contractors and they may enter upon the said Lands for the purpose of doing such work with or without the Mortgagor's concurrence and the cost thereof shall be repaid to the Mortgagee by the Mortgagor and until paid shall be secured by this Mortgage, shall bear interest until paid at the said rate and shall (together with the said interest) be a charge upon the Lands.

**FIXTURES**

17. All erections, buildings, fences, improvements, machinery, plant, furnaces, boilers, electric light fixtures, plumbing and heating equipment, arials, incinerators, radiators and covers, fixed mirrors, fitted blinds and drapes, window screens, doors, storm windows and storm doors, shutters and awnings, floor coverings, air conditioning, ventilating, water heating equipment, partitions, elevators, and all component parts of any of the foregoing, fixed or otherwise now on or in or hereafter put on or in the said Lands or premises (and also in all cases where the buildings on the Lands hereby mortgaged are apartments rented in whole or in part all refrigeration equipment, gas and electric stoves, ovens, washers, dryers, garburators, garbage compactors, microwave ovens and dishwashers whether affixed or not) are and shall in addition to other fixtures thereon be and become fixtures and form part of the realty and of the security and are included in the expression "the Lands", and that the Mortgagor will not commit any act of waste thereon, and that the Mortgagor will at all times during the continuance of this security the same repair, maintain, restore, amend, keep, make good, finish, add to and put in order and in the event of any loss or damage thereto or destruction thereof the Mortgagee may give notice to the Mortgagor to repair, rebuild, or reinstate the same within a time to be determined by the Mortgagee acting reasonably in the circumstances and to be stated in such notice, and upon the Mortgagor failing so to repair, rebuild, or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the mortgage moneys shall at the option of the Mortgagee become immediately due and payable and that without any demand by the Mortgagee upon the Mortgagor, provided that the Mortgagee may (but shall not be obligated to) repair, rebuild or reinstate the Lands at the cost of the Mortgagor and charge all sums of money determined by the Mortgagee to be properly paid therefor to the mortgage account. This provision shall be in addition to any statutory covenants implied in this Mortgage.

**ALTERATIONS**

18. The Mortgagor shall not make or permit to be made, any additions or alterations to the Land without the written consent of the Mortgagee; and the Mortgagor shall not use the Land nor permit the Land to be used, without the written consent of the Mortgagee, for a purpose other than that disclosed to the Mortgagee in the application for this mortgage.

**PLACE OF PAYMENT**

19. All moneys whether the Principal Sum, interest, or any other moneys payable to the Mortgagee under the terms of this mortgage shall be payable, in lawful money of Canada, to the Mortgagee at its address hereinbefore stated, or such other place as may be designated by the Mortgagee from time to time.

**CROSS-DEFAULT**

20. In the event the Mortgagee requires other agreements, documents, mortgages, chattel mortgages, assignments of rentals, assignments of leases or any other security (herein referred to collectively as "Such Other Securities") in connection with this mortgage loan or as a condition precedent to the advance of the loan proceeds or any portion thereof, then the Mortgagor shall provide the Mortgagee such of Such Other Securities as may be required by the Mortgagee in form and content satisfactory to the Mortgagee. The occurrence of an Event of Default hereunder shall constitute default under any of Such Other Securities as may have been granted to the Mortgagee, and default under any of Such Other Securities granted to the Mortgagee shall constitute default hereunder, and the Mortgagee may, upon default under any thereof pursue its remedies separately under each of Such Other Securities and this mortgage, or jointly all together, or jointly one with any other or others of Such Other Securities and this mortgage, without any of the rights and remedies of the Mortgagee not so pursued merging therewith or with any action or judgment with respect thereto.

**SUBSTITUTE MORTGAGE**

21. In the event that this mortgage is granted by the Mortgagor in replacement of or in substitution for another mortgage granted by the Mortgagor to the Mortgagee (the "earlier mortgage") with respect to the Land, then the Mortgagee shall be entitled (notwithstanding that the mortgage account numbers for the earlier mortgage and this mortgage are the same and notwithstanding that the Mortgagee does nothing more than

note on its file that this mortgage is in replacement of or substitution for the earlier mortgage) to advance under this mortgage, by way of internal transfer of mortgage accounts, the amount owing under the earlier mortgage, and upon such internal transfer of mortgage accounts it shall be deemed that the amount thereby transferred as aforesaid, is advanced hereunder.

#### RELEASE OF SECURITY

22. The Mortgagee may at any time release any part or parts of the Land or any other security or any surety for payment of all or any part of the moneys herein secured, or may release the Mortgagor or any other person from any covenant or other liability to pay the said moneys or any part thereof, either with or without any consideration therefor, without being accountable for the value of any such consideration or for any moneys except those actually received by the Mortgagee, and without thereby releasing any other part of the Land or any other securities or covenants, it being specifically agreed that notwithstanding any such release, the Land, securities and covenants remaining unreleased shall stand charged with the whole of the moneys hereby secured, and no person shall have the right to require the mortgage moneys to be apportioned.

#### WAIVER

23. No extension of time, waiver, or other indulgence given by the Mortgagee to the Mortgagor, or anyone claiming under the Mortgagor, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor, any guarantor, or any other person liable for payment of the moneys hereby secured.

#### USE OF MONEY

24. The Mortgagee shall not be charged with any moneys receivable or collectible out of the Land or otherwise, except those actually received; and all revenue of the Land received or collected by the Mortgagee from any source other than payment by the Mortgagor may, at the option of the Mortgagee, be used in maintaining or insuring or improving the Land, or in payment of taxes or other charges against the Land, or applied on the mortgage account, and the Mortgagee may (at its option) retain such moneys received or collected, in suspense account and shall not be under any liability to pay interest on any sums in suspense account; and the Mortgagee shall not, by reason of the collection of any moneys receivable or collectible out of the Land, be deemed to be a mortgagee in possession.

#### LIABILITY OF MORTGAGOR

25. No sale or other dealings by the Mortgagor with the Land or any part thereof, shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of the moneys hereby secured.

#### ATTORNTMENT

26. For better securing the punctual payment of the said mortgage moneys, the Mortgagor hereby attorns and becomes tenant to the Mortgagee of the Land at a monthly rental equivalent to the monthly instalments secured hereby, the same to be paid on such day appointed for the payment of instalments; and if any judgment, execution or attachment shall be issued against any of the goods or lands of the Mortgagor or if the Mortgagor shall become insolvent or bankrupt or commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act of Canada* as amended, or shall take the benefit of any statute relating to bankruptcy or insolvent debtors, then such rental shall, if not already payable, be payable immediately thereafter. The legal relation of landlord and tenant is hereby constituted between the Mortgagee and the Mortgagor, but neither this clause nor anything done by virtue hereof, shall render the Mortgagee a mortgagee in possession or accountable for any moneys except those actually received. The Mortgagee may at any time after default hereunder enter upon the Land, or any part thereof, and determine the tenancy hereby created without giving the Mortgagor any notice to quit.



**RECORDS**

27. If the Mortgagor derives income from the Land, the Mortgagor will maintain full and correct books and records showing in detail the earnings and expenses of the Land, and will permit the Mortgagee and its representatives to examine the said books and records and all supporting vouchers and data at any time and from time to time upon request by the Mortgagee, and at any time and from time to time will furnish the Mortgagee at its request within Thirty (30) days of such request, a statement showing in detail all such earnings and expenses since the last such statement, verified by statutory declaration of the Mortgagor, or the chief executive officer of the Mortgagor, if the Mortgagor is a corporation.

**ASSIGNMENT OF RENTS**

28. Subject to the Assignment of Rents and the Assignment of Leases granted in connection with the loan, if the Land or any portion thereof now or at any time hereafter produces rental revenue or is intended to produce rental revenue, then the Mortgagor hereby assigns, transfers and sets over unto the Mortgagee all leases and tenancies, present and future, including guarantees thereof and/or (at the Mortgagee's sole option) all rents due or accruing due or at any time hereafter to become due under all leases or tenancies, present and future, now existing or at any time hereafter made in respect of the Land or any part thereof, to have and to hold unto the Mortgagee until all moneys owing and all obligations of the Mortgagor in respect of this mortgage have been fully paid and fulfilled, subject to the following terms and conditions:
- (a) upon the occurrence of an Event of Default, the Mortgagee shall be entitled to give notice to the tenants of the Land or any portion thereof to pay the rent to the Mortgagee and the Mortgagee may collect the rents and revenues thereof, and distrain in the name of the Mortgagor for the same;
  - (b) the Mortgagee may give good and sufficient receipts and discharges for rents received;
  - (c) the Mortgagee may apply the rentals collected by it towards arrears and maturing payments of interest and principal under this mortgage, then towards the payment of taxes, insurance, heating, repairs, renovations and upkeep and other expenses or carrying charges connected with the Lands;
  - (d) where any discretionary powers hereunder are vested in the Mortgagee or its agents, the same may be exercised by any officer, investment manager or manager of the Mortgagee, or its appointed agents, as the case may be;
  - (e) the Mortgagee shall under no circumstances become mortgagee in possession, or liable to account to the Mortgagor or credit the Mortgagor with any moneys on account of the mortgage except those which shall come into its hands, and the subject to all deductions and payments made out of the rentals received from the Land as herein provided;
  - (f) the Mortgagee may exercise the rights conferred upon it under this clause without the formal appointment of a receiver under other provisions of this mortgage and without the necessity of first commencing legal proceedings with respect to the Mortgagor's default giving rise to the Mortgagee's right to give notice to tenants under this clause;
  - (g) whenever any and all defaults under this mortgage have been cured after the exercise by the Mortgagee of its rights under this clause, the Mortgagor may resume collection of the rentals until a further Event of Default has occurred, whereupon the Mortgagee may re-exercise its rights hereunder, and thereafter at any time any Event of Default occurs;
  - (h) the Mortgagor shall not at any time during the existence of this mortgage assign, pledge or hypothecate any lease, leases, or tenancies, now or hereafter existing in respect of the Land or the rents or revenues due or to become due thereunder, or any part thereof, other than to the Mortgagee; nor shall the Mortgagor grant any general assignment of book debts which would cover such rentals;
  - (i) the Mortgagor shall not collect more than one (1) month's rental in advance;

- (j) neither the taking of this assignment nor anything done in pursuance hereof shall make the Mortgagee liable in any way, as landlord or otherwise, for the performance of any covenants, obligations and liabilities under the said leases or tenancies or any of them; and
- (k) the exercise of this clause or of any collateral security with respect to rentals shall not entitle the Mortgagor to redeem this mortgage.

#### **EVENT OF DEFAULT**

29. Any one or more of the following events shall constitute a default under the provisions of this Mortgage (an "Event of Default"), whether such Event of Default shall be voluntary or involuntary or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or other rule or regulation of any administrative or governmental authority:
- (a) the Mortgagor or any joint debtor fails to pay on the date upon which the same is due and payable any monies payable hereunder, under Such Other Securities or pursuant to the Commitment Letter (as hereinafter defined), including without limitation any principal or interest;
  - (b) the Mortgagor, any joint debtor or any covenantor as provided in the Commitment Letter (the "Covenantor") fails to perform or observe any of the terms and conditions contained in this mortgage, Such Other Securities or pursuant to the Commitment Letter (to the extent that the Mortgagor, any joint debtor or any Covenantor is a party to such security document or agreement);
  - (c) any representation or warranty contained in this mortgage, Such Other Securities, the Commitment Letter or in any other document or certificate furnished to the Mortgagee in connection herewith or therewith shall prove at any time to be materially incorrect as of the date made;
  - (d) a resolution is passed or an order is made for the dissolution, liquidation or winding-up of the Mortgagor, any joint debtor or any Covenantor or other cancellation or suspension of its incorporation or if a petition is filed for the winding-up of the Mortgagor, any joint debtor or any Covenantor;
  - (e) the Mortgagor, any joint debtor or any Covenantor shall commit an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada), become bankrupt or insolvent or shall be subject to the provisions of the *Bankruptcy and Insolvency Act* (Canada) or any other Act for the benefit of creditors or relating to bankrupt or insolvent debtors or makes a proposal or general assignment for the benefit of its creditors or otherwise acknowledges its insolvency;
  - (f) the Mortgagor, any joint debtor or any Covenantor is found to be insolvent or bankrupt by a court of competent jurisdiction or makes an authorized assignment or bulk sale of its assets or a compromise or arrangement for the benefit of its creditors, makes a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada), seeks relief under the *Companies Creditors Arrangement Act* (Canada), or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian or other person with similar powers over all or any substantial portion of its assets, files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditor's rights or consents to, or acquiesces in, the filing of such a petition; or if a petition in bankruptcy is filed or presented against the Mortgagor, any joint debtor or any Covenantor;
  - (g) any proceedings with respect to the Mortgagor, any joint debtor or any Covenantor are commenced under the *Companies Creditors Arrangement Act* (Canada);
  - (h) an encumbrancer takes possession of the property of the Mortgagor, any joint debtor or any Covenantor, or any distress or analogous process is levied upon the Mortgagor, any joint debtor or

any Covenantor provided that this subclause shall not apply to any judgment, court order for the payment of money, execution, sequestration, extant or other process that is being contested in good faith if reserves deemed by the Mortgagee to be adequate therefor have been set aside with the Mortgagee or insurance coverage acceptable to the Mortgagee is held, as the case may be, and if there is no adverse effect on the Mortgagee's security position;

- (i) the Mortgagor, any joint debtor or any Covenantor shall permit any sum which has been admitted as due or which is not disputed to be due and which forms or is capable of forming a charge, lien, encumbrance or claim upon the Lands in priority to or *pari passu* with the charge or security interest created by this mortgage and Such Other Securities, to remain unpaid after proceedings have been taken to enforce the same as a charge, lien, encumbrance or claim;
- (j) the occurrence of a default under any other security or agreement made or assumed by the Mortgagor, any joint debtor or any Covenantor in favour of any person in connection with the Land or made or assumed by the Mortgagor, any joint debtor, or any Covenantor in favour of the Mortgagee whether or not such security or agreement is in connection with the Land;
- (k) the Mortgagor does not forthwith comply with any work order issued by a municipal or provincial authority; or
- (l) a receiver, receiver-manager or receiver and manager of the Mortgagor, any joint debtor or any Covenantor of any material part of its properties, assets or undertakings is appointed, or if a monitor is appointed in respect of the Mortgagor, any joint debtor or any Covenantor.

#### **RECEIVER**

30. Upon the occurrence of an Event of Default, the Mortgagee may at such time and from time to time and with or without entry into possession of the Land or any part thereof, appoint a receiver or a manager or a receiver and manager of the Land or any part thereof and of the rents and profits thereof and with or without security, and may from time to time remove any receiver and appoint another in his stead and that, in making any such appointment or removal, the Mortgagee shall be deemed to be acting as the agent or attorney for the Mortgagor. Such appointment may be made at any time either before or after the Mortgagee shall have entered into or taken possession of the Land or any part thereof. Upon the appointment of any such receiver or receivers from time to time, the following provisions shall apply:
- (a) the statutory declaration of an officer of the Mortgagee as to default under the provisions of this mortgage, shall be conclusive evidence thereof;
  - (b) every such receiver shall be the irrevocable agent or attorney of the Mortgagor for the collection of all rents falling due in respect of the Land or any part thereof, whether in respect of any tenancies created in priority to these presents or subsequent thereto;
  - (c) every such receiver may, in the discretion of the Mortgagee and by writing under its corporate seal, be vested with all or any of the powers and discretions of the Mortgagee;
  - (d) the Mortgagee may from time to time, by such writing fix the remuneration of every such receiver who shall be entitled to deduct the same out of the rents from the Land or from the proceeds of the judicial sale of the Land;
  - (e) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Mortgagor and in no event the agent of the Mortgagee, and the Mortgagee shall not in any way be responsible for any acts or omissions (including negligence, misconduct or misfeasance) on the part of any such receiver;
  - (f) the appointment of every such receiver by the Mortgagee shall not incur to create any liability on the part of the Mortgagee to the receiver in any respect, and such appointment or anything which may be done by any such receiver or the removal of any such receiver or the termination of any

such receivership shall not have the effect of constituting the Mortgagee a mortgagee in possession in respect of the Land or any part thereof;

- (g) every such receiver shall from time to time have the power to rent any portion of the Land which may become vacant, for such term and subject to such provisions as he may deem advisable or expedient, and in so doing every such receiver shall act as the attorney or agent of the Mortgagor and he shall have authority to execute under seal any lease of such portion of the Land in the name of and on behalf of the Mortgagor, and the Mortgagor undertakes to ratify and confirm whatever any such receiver may do in respect of the Land;
- (h) every such receiver shall have full power to complete any unfinished construction upon the Land with the intent that the Land and the buildings thereon when so completed shall be a complete structure as represented by the Mortgagor to the Mortgagee for the purpose of obtaining this mortgage loan;
- (i) every such receiver shall have full power to manage, operate, amend, repair, alter or extend the Land or any part thereof in the name of the Mortgagor for the purpose of securing the payment of rental from the Land or any part thereof;
- (j) no such receiver shall be liable to the Mortgagor to account for moneys or damages other than cash received by him in respect of the Land or any part thereof, and out of such cash so received every such receiver shall, subject to the approval of the Mortgagee, in the following order, pay:
  - (i) his remuneration aforesaid;
  - (ii) all payments including, without limitation, costs as between solicitor and his own client made or incurred by him in connection with the management, operation, amendment, repair, alteration or extension of the Land or any part thereof;
  - (iii) interest, principal and other moneys which may from time to time, be or become charged upon the Land in priority to these presents, and all taxes, insurance premiums and every other proper expenditure made or incurred by him in respect to the Land or any part thereof;
  - (iv) to the Mortgagee, all interest due or falling due under these presents and the balance to be applied upon principal due and payable and secured by these presents;
  - (v) into a reserve account in the name of the receiver, an appropriate sum of money as a reserve fund for unusual, emergency or lump sum payments or expenses with respect to the Land; and
  - (vi) any surplus thereafter remaining in the hands of every such receiver after payments made as aforesaid, to the Mortgagor;
- (k) save as to claims for an accounting under subclause (j) of this clause, the Mortgagor hereby releases and discharges every such receiver from every claim of every nature which may arise or accrue to the Mortgagor or any person claiming through or under the Mortgagor by reason or as a result of anything done by any such receiver under the provisions of this clause, unless such claim by the direct and proximate result of dishonesty or gross neglect;
- (l) the power of sale, foreclosure and any other remedies of the Mortgagee may be exercised either before, concurrent with, during, or after the appointment of any receiver hereunder.

#### **RIGHTS OF MORTGAGEE**

31. The Mortgagor further covenants and agrees with the Mortgagee that in the Event of Default being made in any of the covenants, agreements, provisos or stipulations expressed or implied herein:

- (a) the Mortgagee may, at the expense of the Mortgagor and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenants, agreements, provisos or stipulations;
- (b) the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrency of any person, enter upon the Land and may make such arrangements for completing the construction, repairing or putting in order of any buildings or other improvements on the Land, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the Land as the Mortgagee may deem expedient; all reasonable costs, charges and expenses, including allowances for the time and services of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the Land and shall bear interest at the Mortgage Rate until paid;
- (c) the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the Land, and a solicitor to examine and report upon the title to the same;
- (d) the Mortgagee or agent of the Mortgagee may enter into possession of the Land and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Land, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease;
- (e) it shall and may be lawful for and the Mortgagor does hereby grant full power, right and license to the Mortgagee to enter, seize and distrain upon the Land, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the Land or any part thereof, as much of the mortgage moneys as shall from time to time be or remain in arrears and unpaid, together with costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (f) the Mortgagee shall be entitled forthwith to take such proceedings to obtain repayment of the moneys and interest payable to the Mortgagee hereunder and to realize on its security under this mortgage by foreclosing the same or by whatever other action it may by law be entitled to do;
- (g) the Mortgagee shall be entitled to sell and dispose of the Land with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the Land; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this mortgage may be exercised; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the Land hereunder, and the Mortgagee may sell, transfer and convey any part of the Land on such terms of credit, or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall in the opinion of the Mortgagee be most advantageous, and for such price as can reasonably be obtained therefor; and in the event of a sale on credit, or part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any moneys until the same shall be actually received in cash; and the sales may be made from time to time of any portion or portions of the Land to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make stipulations as to the title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper; and the Mortgagee may buy in or rescind or vary any contract for sale of the Land and any resale thereof; and on any sale or release, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; and in case any sale held by the Mortgagee under and by virtue of the laws of the Province of Alberta under the power of sale herein contained should prove abortive the Mortgagee may take foreclosure proceedings in respect of the Land in accordance with the provisions of the laws of the Province of Alberta in that behalf; and in the event of any deficiency on account of the moneys secured by this mortgage remaining due to the Mortgagee after realizing all the Land, then Mortgagor will pay to the Mortgagee on demand the amount of

such deficiency with interest at the Mortgage Rate both before and after judgment; and in the exercise of any of the foregoing powers, the Mortgagor hereby appoints the Mortgagee the attorney of the Mortgagor for the purpose of making any agreements and assurances on behalf of the Mortgagor as the Mortgagee may deem necessary; and the proceeds of any sale hereunder shall be applied as above provided for or in payment of moneys payable under this mortgage and costs on a solicitor and his own client basis, the balance, if any, to be paid to the Mortgagor;

- (h) the whole of the mortgage moneys shall, at the option of the Mortgagee, become due and payable;
- (i) the Mortgagee may exercise each of the foregoing powers without notice to the Mortgagor.

#### **EXERCISE OF RIGHTS**

32. Notwithstanding any other provision in this Mortgage, the Mortgagee may demand repayment of all amounts owing hereunder and exercise all of its rights hereunder, including without limitation pursuant to paragraphs titled "Receiver" and "Rights of Mortgagee" if:
- (a) in the opinion of the Mortgagee, there has been a material adverse change associated with (i) the Lands, (ii) the financial status of the Mortgagor, or (iii) the financial status of any Covenantor; or
  - (b) the Mortgagor, any agent of the Mortgagor or any officers or director of the Mortgagor shall have made any material misrepresentation in connection with the loan or in the application for the loan.

#### **ATTORNEY**

33. As further assurance to the rights and remedies granted by the Mortgagor to the Mortgagee herein, the Mortgagor, as the registered owner of the Land hereby irrevocably appoints the Mortgagee on its own behalf or any receiver or manager or receiver and manager appointed by the Mortgagee attorney on behalf of the Mortgagor to sell, lease, mortgage, transfer or convey the Land in accordance with the provisions of this Mortgage and to execute all instruments, and do all acts, matters and things that may be necessary for carrying out the powers hereby given and for the recovery of all rents and sums of money that may become or are now due or owing to the Mortgagor in respect of the Land, and for the enforcement of all contracts, covenants or conditions binding on any lessee or occupier of the Land or on any other person in respect of it, and for the taking and maintaining possession of the Land, and for protecting it from waste, damage, or trespass.

#### **JUDGMENT**

34. The taking of a judgment on any of the covenants or agreements herein contained shall not operate as a merger thereof or affect the Mortgagee's rights to interest at the Mortgage Rate and at the times herein provided. Further, any and all such judgments shall provide for interest thereon to be computed at the Mortgage Rate and in the same manner as herein provided until the judgment shall have been fully paid and satisfied and, without limiting the generality of the foregoing, the Mortgagee shall be entitled to receive interest at the Mortgage Rate on all moneys payable to the Mortgagee under this mortgage, after any judgment has been rendered with respect to this mortgage until such judgment is fully satisfied.

#### **EXPENSES**

35. All expenses, fees, charges or payments incurred, expended or paid by the Mortgagee (whether with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise) with respect to the following matters, that is to say:
- (a) all solicitors', inspectors', valuers' and surveyors' fees and expenses for drawing and registering this mortgage and for examining the Land and the title thereto, and for making or maintaining this mortgage a first charge (or subject only to the prior encumbrances acceptable to the Mortgagee);
  - (b) all sums which the Mortgagee may advance for insurance premiums, property taxes, or rates;

- (c) any unpaid amount due to the Mortgagee for application fees or renewal fees;
- (d) all sums which the Mortgagee may expend in payment of prior liens, charges, encumbrances or claims charged or to be charged against the Land or on this mortgage or against the Mortgagee in respect of this mortgage;
- (e) all sums which the Mortgagee may expend in maintaining, repairing, restoring or completing the construction on the Land;
- (f) the cost of inspecting, leasing, managing or improving the Land, including the price or value of any goods of any sort or description supplied for use on the Land;
- (g) all sums paid to a receiver of the Land;
- (h) the cost of exercising or enforcing or attempting to exercise or enforce any right, power, remedy or purpose hereunder provided or implied, and including an allowance for the time, work and expenses of the Mortgagee or any agent or employee of the Mortgagee, for any purpose provided for herein; and
- (i) the Mortgagee's solicitors' costs as between solicitor and his own client incurred or paid by the Mortgagee as a result of any Event of Default or under any other security for this loan, or of endeavouring to collect with or without suit any money payable hereunder, or of taking, recovering or keeping possession of the Land, and generally in any other proceedings, matter or thing taken or done to protect or realize this security or any other security for this loan;

together with interest thereon at the Mortgage Rate, are deemed secured hereby and shall be or constitute a charge or charges against the Land, and all such moneys shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing instalment except as herein otherwise provided, and all such sums together with interest thereon and all other moneys payable by the Mortgagor under this mortgage shall be deemed to constitute part of the mortgage moneys.

#### COVENANTS

36. The Mortgagor further covenants and agrees with the Mortgagee that the Mortgagor:
- (a) has a good title to the Land;
  - (b) has the right to mortgage the Land;
  - (c) upon the occurrence of an Event of Default the Mortgagee shall have quiet possession of the Land, free from all encumbrances except for such encumbrances as are now registered on the title;
  - (d) will execute such further assurances of the Land as may be requisite;
  - (e) has done no act to encumber the Land, except those currently registered on title.

#### EXPROPRIATION

37. The Mortgagor hereby assigns to the Mortgagee, that portion of any proceeds which may become due and payable to the Mortgagor by an expropriating authority upon an expropriation of the Land or the proceeds of any condemnation, eminent domain or like proceeding or the sale in lieu of or in reasonable anticipation thereof of the whole or any part of the Land, or any portion thereof, equal to the difference, if any, between all monies secured by this mortgage at the date of the expropriation and the compensation paid to the Mortgagee for the expropriation of its interest in the Land or any portion thereof, by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor is aware of the provisions of sections 49 and 52 of the *Expropriation Act*, and any amendments thereto, and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof and hereby agrees

to pay to the Mortgagee the difference, if any, between all monies secured by the mortgage at the date of the expropriation and the compensation paid to the Mortgagee by the expropriating authority plus interest at the rate provided for herein on such difference. The Mortgagor shall forward to the Mortgagee, copies of any documentation relating to an expropriation or a proposed expropriation of the Land or any portion thereof, forthwith upon receipt of the said documentation by it and shall execute and deliver any further or additional documentation which the Mortgagee in its sole discretion deems necessary to effect the above assignment or which is requested by the expropriating authority. For the purposes of this clause, the "date of the expropriation" shall mean the date that the Mortgagor ceases to be the registered owner of Land, or any portion thereof, and the "expropriating authority" shall mean the Crown or any individual or entity empowered to acquire lands by expropriation. Notwithstanding anything to the contrary contained herein, if the Mortgagor or the Mortgagee receives a notice of intention to expropriate in relation to the Lands, or any portion thereof, at the option of the Mortgagee, the whole of the outstanding balance secured under this Mortgage at the date of the expropriation, shall immediately become due and payable in like manner and to all intents and purposes as if the time for payment of the said balance had fully come and expired. If any or all of the Land is expropriated, it is agreed that the proceeds from any such expropriation shall be paid directly to the Mortgagee in priority to the claims of any other party. Service of a copy of this Mortgage on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Mortgagee, in accordance with the terms of the assignment contained herein.

#### **OTHER MORTGAGES, AGREEMENTS FOR SALE**

38. The Mortgagor hereby covenants to perform and observe and satisfy all the terms, covenants and conditions to be performed and observed by the Mortgagor under the terms of any other mortgages, agreements for sale or other charges (hereinafter called the "other mortgage") registered against the title to the Land. It is expressly agreed and understood by the Mortgagor that in the event of default by the Mortgagor under any of the terms of any other mortgage, then at the option of the Mortgagee the Mortgagor shall be deemed to be in default of the terms of this mortgage. The Mortgagee may at its option make any payment or cure any default under the other mortgage and any amount or amounts so paid together with all costs, charges, expenses and outlays of the Mortgagee thereby incurred shall be added to the moneys payable hereunder, shall bear interest at the rate aforesaid from the date expended until paid, shall be payable with interest as aforesaid forthwith by the Mortgagor to the Mortgagee without demand and shall be a charge on the Land and the Mortgagee shall have the same rights and remedies to enforce payment thereof as it would have upon the occurrence of an Event of Default.

#### **SEVERABILITY**

39. In the event any clause or part of a clause herein is invalid and not enforceable for any reason, then such clause or part of a clause shall be severable from this mortgage and not affect the validity or enforceability of any other part of this mortgage.

#### **SUCCESSORS AND ASSIGNS**

40. When the context makes it possible, the word "Mortgagee" wherever it occurs in this mortgage, shall include the successors and assigns of the Mortgagee, and the word "Mortgagor" shall include heirs, executors, administrators, successors and assigns of the Mortgagor, and the word "person" shall include any body corporate or politic; and that words in the singular include the plural, and that words in plural include the singular, and words importing the masculine gender include the feminine; and that if there is more than one entity comprising the Mortgagor all covenants herein contained and implied are to be construed as joint and several; and that heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, provisos and agreements herein contained or implied.

#### **DISCHARGE**

41. The Mortgagee shall have a reasonable time after payment of the mortgage moneys in full within which to prepare and execute a discharge of this mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Mortgagor.



**LAW**

42. This mortgage is made pursuant to the *Land Titles Act* (Alberta) and any amendments thereto.

**CHARGE**

43. For the better securing to the Mortgagee the repayment in the manner aforesaid of the Principal Sum and interest and other moneys hereby secured the Mortgagor does hereby mortgage and charge to the Mortgagee all of the Mortgagor's estate and interest in the Land.

**COMMITMENT LETTER**

44. The parties agree that the accepted terms and conditions of the Commitment Letter dated March 10, 2015, as amended, from the Mortgagee to the Mortgagor, as amended from time to time (the "Commitment Letter"), shall survive funding of this loan and continue to be in full force and effect after said funding. Default by the Mortgagor of any of the terms or requirements contained in the Commitment Letter shall, at the option of the Mortgagee, constitute a default hereunder. In the event there is a direct conflict between the terms and conditions of this mortgage and the said Commitment Letter as amended, then the mortgage shall prevail to the extent necessary to resolve the conflict.

**HAZARDOUS MATERIALS**

45. (a) neither the Mortgagor nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any hazardous materials to be placed, held, located or disposed of on, under or at the lands and that its business and assets are operated in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials) and that to the best knowledge of the Mortgagor no enforcement actions in respect thereof are threatened or pending.
- (b) the Mortgagor covenants and agrees that it will at all times during the continuance of this mortgage, operate the Lands in compliance with applicable laws intended to protect the environment (including, without limitation, laws respecting the disposal or emission of hazardous materials) and shall permit the Mortgagee to conduct inspections and appraisals of all or any of its records, business and assets at any time or from time to time to ensure such compliance. The Mortgagor hereby indemnifies the Mortgagee, its officers, directors, employees, agents and shareholders (which indemnity shall survive the satisfaction, release or enforcement of this mortgage or any collateral security and the full repayment of the mortgage monies) and agrees to hold each of them harmless from and against any and all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever relating to the hazardous materials placed, held, located or disposed of on the Lands, including without limitation:
- (i) costs of defending and/or counterclaiming or claiming against third parties in respect of any action or matter; and
  - (ii) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor, which at any time from time to time may be paid, incurred or asserted against, any of them for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Lands or into or upon any lands, the atmosphere, any watercourse, body of water or wetland, of any hazardous materials; and
  - (iii) a reduction in the value of the Lands.
- (c) "Hazardous Material" means any radioactive material, any explosive, any substance that is detrimental to its use by animal, fish or plant, any substance which is declared to be hazardous or toxic under any, regulation or order now or hereafter enacted or promulgated by any Federal or Provincial statute or regulation passed pursuant thereto, governmental authority having

jurisdiction over the Land or any other substance which is or may become hazardous, dangerous or toxic to persons or property.

- (d) In addition to the above the Mortgagor hereby warrants and agrees that,
- (i) to the best knowledge of the Mortgagor the condition and use of the Lands is and will continue to be in compliance with all applicable environmental laws and standards; all necessary licenses and permits relating to the release of contaminants, production of dangerous materials and carrying on of hazardous activities have been obtained and are being complied with; there are no outstanding orders against the Mortgagor from any governmental agency responsible for protecting the environment.
  - (ii) to the best knowledge of the Mortgagor the Lands are not being subjected to environmental damage or contamination and to the best of the Mortgagor's knowledge, the Lands incurred no such damage or contamination prior to the Mortgagor's control;
  - (iii) the Mortgagor will use its best efforts to use the property and conduct the business so as not to result in environmental damage, and will not engage in certain activities (such as storage of hazardous materials) and that use of the property will not change without the Mortgagee's approval;
  - (iv) the terms of any past credit arrangement have not been altered, cancelled or not renewed due to environmental risk considerations;
  - (v) all appropriate remedial action will be taken with respect to violations of environmental laws, and spills or other contaminations;
  - (vi) the Mortgagor will give notice to the Mortgagee of any contamination or any pending or threatened government enforcement action or civil suit arising out of alleged environmental damage;
  - (vii) the Mortgagor will permit the Mortgagee and its agents to enter onto the property at any time to conduct an environmental inspection and to permit the Mortgagee to take such action as it deems necessary to remedy any environmental damage or breach of law;
  - (viii) where the business is environmentally sensitive, the Mortgagor will permit the Mortgagee or its agents to perform an annual environmental audit;
  - (ix) the Mortgagor will provide copies of its own internal/external environmental audits to the Mortgagee;
  - (x) the Mortgagor will cause any other occupants or persons in control of the property to comply with the foregoing covenants;
  - (xi) the Mortgagor will provide a senior officer's certificate as to environmental good standing at intervals determined by the Mortgagee, such certificate to confirm continuing compliance with covenants and truth of representations and warranties;
  - (xii) the Mortgagor will defend and indemnify the Mortgagee, its directors, officers, employees and agents against all costs, etc., arising out of any environmental damage caused by the Mortgagor's activities or by contamination of or from the Lands;
  - (xiii) if the Mortgagor fails to perform any of the foregoing covenants, the Mortgagee may do so and any money expended by the Mortgagee shall be paid by the Mortgagor out of any funds coming into the Mortgagee's possession in priority to the loan;

- (xiv) where the Land poses a very substantial environmental risk, the Mortgagor will maintain insurance against environmental liability in an amount and on terms satisfactory to the Mortgagee.

#### **DUE ON SALE**

46. The Principal Sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, immediately become due and payable in full without notice by nor demand from the Mortgagee if the Land or any part thereof or interest therein (whether beneficial or legal) is, without the prior consent in writing of the Mortgagee sold, transferred, conveyed, foreclosed, exchanged, assigned, mortgaged, leased or otherwise disposed of, or if the Mortgagor enters into an agreement to effect any of the foregoing whether by registered or unregistered instrument and whether for valuable or nominal consideration (and if the Mortgagor is a corporation, any change in control of the Mortgagor or any Covenantor shall constitute a default under this clause); provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part; and provided further that the acceptance by the Mortgagee of any instalment payment or other payment under this mortgage from any entity other than the Mortgagor shall not constitute a waiver by the Mortgagee of its rights under this clause, nor a consent by the Mortgagee of any such sale or disposal of the Land as above described; and provided further that if the Mortgagee gives its consent to any such sale or disposition as above described, it may do so upon such conditions as it may in its uncontrolled discretion decide upon including, without limiting the generality of the foregoing, the execution and delivery (by any intended transferee or successor in whole or in part of the Mortgagor's title to the Land) of an agreement in the Mortgagee's form whereby such transferee or successor assumes all covenants and obligations of the Mortgagor under this mortgage and all other security documents given by the Mortgagor with respect to this mortgage loan. The Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder and the non-payment of such assumption fee shall also be considered to be a default under this mortgage. A sale contemplated under a specific partial prepayment clause contained elsewhere herein shall not be subject to the terms hereof.

#### **SUBSEQUENT FINANCING**

47. The principal sum secured hereunder, all accrued interest hereunder and all other moneys payable hereunder shall, at the election of the Mortgagee, become due and payable in full if the Land or any part thereof or interest therein is, without the prior consent in writing of the Mortgagee mortgaged or similarly charged; provided however that nothing herein shall be construed as permitting the Mortgagor to prepay this mortgage in whole or in part.

#### **INTEREST RATE**

48. It is the intent of the parties hereto that the Mortgage Rate not exceed the maximum interest rate permitted under the laws of Canada and of Alberta and if the Mortgage Rate to the Mortgagee would, but for this provision, exceed the aforesaid maximum interest rate, the Mortgage Rate to the Mortgagee shall be limited to the maximum interest rate permitted under the laws of Canada and Alberta and this mortgage shall automatically be modified without the necessity of any further act or deed to give effect to the restriction on return set forth above.

#### **PROHIBITED BUSINESSES**

49. The Mortgagor agrees not to operate, nor allow any tenant to operate a business on the Lands that:
- (a) is sexually exploitive or that is inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services;
  - (b) are engaged in or associated with illegal activities.

**FINANCIAL STATEMENTS AND REPORTS**

50. The Mortgagor shall deliver to the Mortgagee the following:
- (a) annually, within 120 days of the Mortgagor's year end;
    - (i) for the Mortgagor and/or the beneficial owner, if any, as required by the Mortgagee, accountant prepared financial statements, signed in the original; and
    - (ii) for each Covenantor, accountant prepared financial statements, where they are corporations and personal financial statements where they are individuals, each to be signed in the original; and
  - (b) such additional financial statements, information, plans and reports as and when requested by the Mortgagee.

**BENEFIT OF EASEMENTS**

51. As additional security for the indebtedness and other obligations secured hereunder and interest thereon and the due performance of the Mortgagor's obligations hereunder and under any collateral security the Mortgagor hereby assigns, transfers, mortgages, charges and sets over to and in favour of the Mortgagee as and by way of a specific assignment, mortgage and charge all of the right, title and interest of the Mortgagor in and with respect to any and all easements, restrictive covenants, rights of way, party wall agreements and encroachment agreements benefiting the Land (the "Agreements") and all of the benefit, power and advantage of the Mortgagor to be derived therefrom (including without limitation the benefit of any positive covenants) and otherwise to enforce the rights of the Mortgagor under the Agreements in the name of the Mortgagor. Nothing herein contained shall render the Mortgagee liable to any person for the fulfilment or non fulfilment of the obligations covered in any of the Agreements, including, but not limited to, the payment of any moneys thereunder or in respect thereto and the Mortgagor hereby indemnifies and agrees to save and hold harmless the Mortgagee from and against any and all claims, demands, actions, causes of action, losses, suits, damages and costs whatsoever arising directly or indirectly from or out of any of the Agreements. The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor shall not surrender, alter, amend or modify any of the Agreements or any of the terms or conditions thereof except with the prior written consent of the Mortgagee.

**GENERAL**

52. This mortgage shall be construed in accordance with the laws of the Province of Alberta.
53. The Mortgagor agrees with the Mortgagee as follows:
- (a) to comply with the terms and conditions of the Commitment Letter and this mortgage at all times;
  - (b) to maintain adequate insurance coverage as outlined in the Commitment Letter as would other prudent owners of similar property, and satisfactory to the Mortgagee and its legal counsel;
  - (c) to maintain the Land in a sound state of repair at all times as would other prudent owners of similar property;
  - (d) to allow the Mortgagee and its appointees to have access to the property at all reasonable times;
  - (e) at the Mortgagee's request, to deliver or cause to be delivered to the Mortgagee promptly such information about the financial condition and operation with respect to the Land as the Mortgagee may request from time to time.

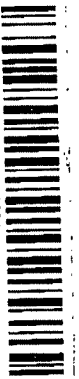
IN WITNESS WHEREOF the Mortgagor has hereunto affixed its corporate seal attested to by the duly authorized officers in that behalf this 19 day of March, 2015.

FIRST STREET PLAZA GP LTD.

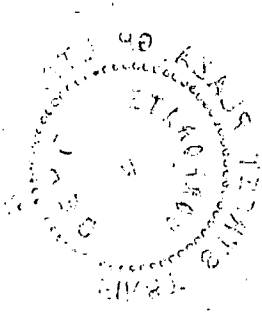
Per: \_\_\_\_\_

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





151080304 REGISTERED 2015 03 24  
MORT - MORTGAGE  
DOC 1 OF 2 DRP#: C0ADAZ2 ADR/PFLAROW  
LINC/S: 0013848510



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**ALBERTA GOVERNMENT SERVICES  
LAND TITLES OFFICE**

**IMAGE OF DOCUMENT REGISTERED AS:**

**151080305**

**ORDER NUMBER: 38503909**

**ADVISORY**

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**ASSIGNMENT OF RENTS**

**THIS ASSIGNMENT** made this 19 day of march, 2015.

**BETWEEN:**

**FIRST STREET PLAZA GP LTD.** as general partner of  
**FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP**  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

**CITIZENS BANK OF CANADA**  
(hereinafter called the "Assignee")

OF THE SECOND PART

**WHEREAS** by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN C  
BLOCK 16  
LOTS 21 TO 24 INCLUSIVE  
EXCEPTING THEREOUT A PORTION  
FOR STREET WIDENING ON PLAN 8310173  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "lands")

to secure the sum of \$15,850,000.00 with interest as in the said Mortgage provided;

**AND WHEREAS** there may have been, or may be, constructed a building or buildings on the said lands (hereinafter individually or collectively called the "building");

**AND WHEREAS** the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses as to use or occupancy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Leases");

**AND WHEREAS** the Assignor has agreed to assign to the Assignee all rents payable and to become payable under the Leases and all other monies reserved and payable and to become payable under the said Leases and all benefit and advantage to be derived therefrom to the Assignee as additional and collateral security for the payment of the monies due and to become due under the said Mortgage.

**NOW THEREFORE THIS INDENTURE WITNESSETH** that in consideration of the premises and in consideration of the Assignee making any advance under the said Mortgage, the Assignor



and Assignee covenant and agree as hereinafter stated and the Assignor does hereby absolutely assign to the Assignee all rents payable and to become payable under the said Leases, and all security deposits and other monies reserved and payable and to become payable under or in respect of the said Leases, and all other benefit and advantage to be derived therefrom, and grants the Assignee the right, at its option, to demand and receive the same and to distrain for the same, at any time and from time to time and to apply amounts so received at its discretion on any amounts due and payable to the Assignee under the said Mortgage.

**PROVIDED HOWEVER** that the Assignor may collect such rentals and other benefits hereby assigned until default under the Mortgage or other collateral security, after which event such rentals and other benefits hereby assigned, if received by the Assignor, shall be received and held in trust for the Assignee. Once demand in writing is made by the Assignee upon the tenants, or upon such other holder of the tenants' estate and interest in the lands (which demand shall only be made in the event of default under the Mortgage), the rentals and other benefits hereby assigned shall be paid to the Assignee at a place to be designated in such demand. Demand may be made by service of a copy of this assignment personally or by delivery upon the aforesaid tenants, or upon such other holder of the aforesaid tenants' estate and interest in the lands and the parties so served are hereby authorized and directed to give full effect to this assignment and to pay all rentals accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such tenants' responsibility for such payment.

This assignment shall be effective only until such time as all monies due and owing under the said Mortgage have been fully paid and satisfied.

The said rents and other benefits hereby assigned to the Assignee are being taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

Nothing herein shall be deemed to have the effect of making the Assignee responsible for the collection of the said rents or any part thereof, or for the performance of any covenant, term or condition, either by lessor or lessee, contained in any of the said Leases, and the Assignee shall not by virtue of this assignment or by any steps, actions, distress or other proceedings taken to enforce its rights hereunder be deemed to be a mortgagee in possession of the said lands.

Neither this assignment nor anything herein contained shall bind the Assignee to recognize any lease or agreement to lease the said lands or any part thereof nor in any way render the interest of the Assignee under the said Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under the said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease, agreement to lease or this assignment.

The Assignee shall be liable to account only for such monies as may actually come into its hands by virtue of this assignment, less proper collection charges, and such monies when so received by it shall be applied on account of the monies due under the said Mortgage to which this assignment is taken as additional and collateral security.

**AND THE ASSIGNOR** further covenants, warrants and agrees to and with the Assignee that no prepayment of rental in excess of that provided for in the Leases has been paid under the said Leases and that it will not demand or accept any rent reserved or payable under the said Leases in excess of that provided for in the Leases in advance unless the prior written consent of the Assignee (to be given at the sole and absolute discretion of the Assignee) is first obtained.

**THE ASSIGNOR** does hereby release and discharge any tenant of it from any liability whatsoever to it by reason of the payment of any amounts paid hereunder to the Assignee.

**THE ASSIGNOR** covenants, warrants and agrees to and with the Assignee that prior to the date hereof it has not made any assignment of rents or other monies payable under the said Leases, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage and that it will not hereafter assign or otherwise dispose of the aforesaid rents or other monies, or any part thereof, without the written consent of the Assignee first had and obtained.

**THE ASSIGNOR** covenants, warrants and agrees that it has not entered into and will not enter into any agreement with any tenant of the said lands or any part or parts thereof whereby the right of set-off shall or may arise between the Assignor and any tenant.

**THE ASSIGNOR** shall from time to time and at all times hereafter, at the request of the Assignee, execute and deliver at the expense of the Assignor, such further assurances for the better and more perfectly assigning to the Assignee the said Leases, rents and other monies and all renewals and extensions thereof as the Assignee shall reasonably require.

**IF THE ASSIGNOR** defaults or breaches in the observance or performance of any of the covenants and agreements herein, or in the said Leases, on its part to be observed and/or performed, then in such case the whole of the principal sum remaining due under the said Mortgage (and all interest and other monies payable thereunder) shall, at the option of the Assignee, forthwith become due and payable in like manner and with like consequences and effects to all intents and purposes whatsoever as if the time therein mentioned for payment of such principal money had fully come and expired.

**NO WAIVER** by the Assignee of any breach of any of the covenants and conditions in the said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

**THE ASSIGNOR** shall not dispose of the said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this assignment.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This assignment shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.


The words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor which import the singular number shall be read and construed as applied to each and every Assignor male or female and to his or her heirs, executors, administrators and assigns and in the case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

This assignment shall enure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this Assignment of Rents constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

**IN WITNESS WHEREOF** this assignment has been duly executed and delivered as of the day and year first above written.

**FIRST STREET PLAZA GP LTD.** as general partner of **FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP**

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

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

**ASSIGNMENT OF LEASES**

**THIS ASSIGNMENT** made this 19 day of March, 2015.

**BETWEEN:**

**FIRST STREET PLAZA GP LTD.** as general partner of  
**FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP**  
(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

**CITIZENS BANK OF CANADA**  
(hereinafter called the "Assignee")

OF THE SECOND PART

**WHEREAS** by a Mortgage (which Mortgage together with any renewals or extensions thereof, or any mortgage taken in substitution therefor, either wholly or in part is hereafter called the "Mortgage") the Assignor mortgaged to the Assignee the following described lands and premises situate in the Province of Alberta:

**PLAN C  
BLOCK 16  
LOTS 21 TO 24 INCLUSIVE  
EXCEPTING THEREOUT A PORTION  
FOR STREET WIDENING ON PLAN 8310173  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

(hereinafter called the "lands")

to secure the repayment of the sum of **\$15,850,000.00** with interest thereon as in the said Mortgage provided;

**AND WHEREAS** there may have been, or may be, constructed a building or buildings on the said lands (hereinafter collectively and individually called the "building");

**AND WHEREAS** the whole or a portion of the said building or lands is leased or is to be leased to tenants (which existing and future leases; existing and future offers to lease; together with existing and future tenancies, agreements or licenses to use or occupy; and existing and future guarantees of all or any of the obligations of any existing or future lessee, tenant, licensee or occupier; and any and all renewals or extensions thereof are hereinafter collectively referred to as the "Lease");

**AND WHEREAS** it is required as additional security for the payment of the monies secured and the performance of the covenants required by the said Mortgage that the Assignor assign to the Assignee said Lease and all the rents payable thereunder and all other benefit and advantage to be derived therefrom.

**NOW THEREFORE THIS INDENTURE WITNESSETH** that in consideration of the premises and of such advances as may from time to time be made by the Assignee under said Mortgage, the Assignor and the Assignee covenant and agree as hereinafter stated and **THE ASSIGNOR DOETH**

**HEREBY ASSIGN, TRANSFER AND SET OVER UNTO THE ASSIGNEE** as collateral and additional security the said Lease and the rents payable thereunder and all other benefit and advantage to be derived therefrom, and also the full benefit of all powers and of all covenants and provisos contained in the said Lease, with full power and authority to use the name of the Assignor, its successors or assigns, for enforcing the performance of said covenants and other matters and things contained in the said Lease.

The Assignee shall be liable to account for only such monies as are actually received by it by virtue of these presents less all proper costs of collection and the net amount of such monies as are actually received by the Assignee may in the sole discretion of the Assignee be applied on account of the monies due under said Mortgage or may be paid to the Assignor.

Nothing contained herein shall be deemed to have the effect of making the Assignee responsible for the collection of the rents or any part thereof payable pursuant to said Lease or for the observance or performance of any covenant, term or condition contained in said Lease (except as is specifically hereinafter stated) either by the Assignor or lessee to be observed or performed.

The Assignee shall not solely by reason of these presents be deemed to be a mortgagee in possession of said lands or any part thereof.

Neither this agreement nor anything herein contained shall bind the Assignee to recognize said Lease or any lease or agreement to lease said lands or any part thereof nor in any way render the interest of the mortgagee under such Mortgage subject to any such lease or agreement and all remedies now available to the Assignee under said Mortgage are hereby reserved to the Assignee and may be exercised notwithstanding any such lease or agreement or this agreement.

The Assignee shall be entitled to exercise all of the rights and remedies of the Assignor reserved under and in the said Lease or by law for the collection of the rentals, and all necessary costs incurred by the Assignee in the exercising of the said rights and remedies shall be charged to the Assignor and be payable out of the rents received by the Assignee.

The Assignor shall, upon the request of the Assignee, execute and deliver at its expense, an assignment in this form of any and all other leases pertaining to the said lands which may hereafter be granted by the Assignor.

The Assignor agrees to pay the costs, charges and expenses of and incidental to the taking, preparation and filing of this agreement or any notice thereof which may be required and of every renewal related thereto.

The assignment herein, pending perfection by service on the tenants and the Assignee taking title to the lands, is made and taken as additional and collateral security only for the due payment of all sums due under the said Mortgage and none of the rights or remedies of the Assignee under the said Mortgage shall be merged in or in any way waived, affected, delayed or prejudiced hereby.

No waiver by the Assignee of any breach of any of the covenants and conditions in said Mortgage or these presents whether negative or positive in form shall take effect or be binding upon the Assignee unless the same be expressed in writing under the authority of the Assignee and any waiver so expressed shall extend only to the particular breach so waived and shall not limit or affect the Assignee's right with respect to any other or future breach.

Any direction or request by the Assignee to pay rent reserved to the Assignee shall be sufficient warrant and authority to the tenant to make such payment and the payment of rental to the Assignee shall be and operate as a discharge to the tenant in respect of the amount of rent so paid.

If the Assignor shall be in default in the observance or performance of any of the terms and conditions of this agreement or the said Lease then at the option of the Assignee all monies payable under the said Mortgage shall forthwith become due and payable and in default of payment the Assignee shall be entitled to exercise such remedies to realize its security under the said Mortgage as it may by law be entitled to do.

The Assignor will at any time during the currency of said Mortgage when requested by the Assignee so to do, insure and keep insured against loss resulting from rent abating following fire or other damage to the improvements on said lands or any part thereof and will pay all premiums and sums of money necessary for such purpose as the same shall become due and will assign and deliver over the Assignee the policy or policies of insurance and receipt and receipts thereto appertaining and if it shall neglect to so insure and keep the said insurance in force and to deliver the said policy or policies or receipts at the office of the Assignee at least five (5) days before the day on which premiums shall be payable then it shall be lawful for the Assignee to effect such insurance in the manner aforesaid and all money expended by the Assignee with interest at the rate in the said Mortgage provided computed from the time or times of payment of the same by the Assignee shall be paid by the Assignor to the Assignee on demand and in the meantime such payment with interest as aforesaid shall be secured by said Mortgage and shall be a charge upon said lands and all the Assignor's estate and interest therein. The Assignor shall forthwith on the happening of any loss resulting from rent abating as aforesaid furnish at its expense all necessary proofs and do all necessary acts and things to enable the Assignee to obtain payment of the insurance monies and all insurance monies received by the Assignee by virtue of any such policy or policies less all proper costs of collection thereof may at the option of the Assignee either be forthwith applied in whole or in part in reduction of the monies secured by said mortgage or be paid to the Assignor.

This assignment shall also operate as an assignment by the Assignor of any and all money paid to the Assignor pursuant to insurance paid for lost rentals or lost income upon partial or full destruction of the said lands and the Assignor does hereby so assign. Demand on the insurer or insurers may be made by service of a copy of this Assignment personally or by registered mail and the insurers so served are hereby authorized and directed to give full effect to this Assignment and to pay all rental insurance accruing due subsequent to demand to the Assignee, whose receipt thereof shall constitute full discharge of such insurer's responsibility for such payment.

This agreement shall also operate as an assignment by the Assignor of the Assignor's interest in any and all security deposits, any type of payment in lieu of rent including without limitation surrender or termination fees and the like and any and all security interests granted by any tenant, and the Assignor does hereby so assign.

The Assignee may register or cause to be registered by Caveat against said lands notice of this agreement and the Assignor will not contest the validity of such caveat at any time during the currency of said Mortgage.

**THE ASSIGNOR FURTHER COVENANTS, AGREES, CERTIFIES AND WARRANTS TO AND WITH THE ASSIGNEE:**

1. That any presently existing leases, tenancies, agreements or licences to use or occupy are good, valid and subsisting agreements.
2. That the rent reserved by said Lease has not been and shall not be demanded, collected, accepted or paid in advance of the time for payment thereof or other than in the manner as set forth in said Lease.

- 3. That it will not, except in accordance with accepted real estate management practice, alter or modify the terms of said Lease or discharge or surrender the same or grant any concession thereunder or consent to an assignment or sub-lease, without the consent in writing of the Assignee first had and obtained.
- 4. That it has not entered into and will not enter into any agreement with the Tenant whereby the right of set-off shall or may arise between the Assignor and the Tenant.
- 5. That it will not dispose of said lands or any part thereof or any interest therein to any person, firm or corporation unless and until such person, firm or corporation has expressly covenanted and agreed with the Assignee to be bound by this agreement.
- 6. That prior to the date hereof it has not made any assignment of rents or of the said Lease, except in favour of any prior mortgagee, which will not be discharged from the proceeds of the said Mortgage, and that it will not hereafter assign or otherwise dispose of the rents or said Lease without first obtaining the written consent of the Assignee.

The assignment contained herein shall not become binding upon the Assignee with respect to any tenant unless service of a copy of this assignment (together with written advice that the Assignee is perfecting this assignment and intends to be bound to the tenant thereby), personally or by delivery has been made by the Assignee or its agents upon any tenant occupying any portion of the said lands or any building on the said lands and shall then operate as an absolute and unconditional assignment of the said Lease as between the Assignee and the tenant and such tenant is hereby authorized and directed to give full effect to this assignment and to, upon the request of the Assignee, pay all rentals then owing or accruing due subsequent to such request to the Assignee, whose receipt thereof shall constitute full discharge of such tenant's responsibility for such payment.

**AND IT IS FURTHER HEREBY AGREED** that the words in the hereinbefore contained covenants, provisos, conditions and agreements referring to the Assignor or Assignee which import the singular number shall be read and construed as applied to each and every Assignor or Assignee male or female and to his or her executors, administrators and assigns and in the case of a corporation to such corporation and its successors and assigns and that in case of more than one Assignor or Assignee the said covenants, provisos, conditions and agreements shall be construed and held to be several as well as joint.

The Assignor hereby charges the said lands in favour of the Assignee to secure the payment of any monies due or to become due to the Assignee as a result of this agreement and hereby acknowledges and agrees that this assignment constitutes an interest in and charge against the said lands and that the Assignee may register a Caveat to protect same.

**IN WITNESS WHEREOF** this assignment has been duly executed and delivered as of the day and year first above written.

**FIRST STREET PLAZA GP LTD.** as general partner of **FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP**

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

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

**CAVEAT FORBIDDING REGISTRATION**

*Asai*


**TAKE NOTICE THAT CITIZENS BANK OF CANADA** claims a good and valid claim and charge under and by virtue of an Assignment of Rents and an Assignment of Leases between **FIRST STREET PLAZA GP LTD.** as Assignor and the Caveator as Assignee (copies of which is/are attached hereto) against the hereinafter described lands:

**PLAN C  
BLOCK 16  
LOTS 21 TO 24 INCLUSIVE  
EXCEPTING THEREOUT A PORTION  
FOR STREET WIDENING ON PLAN 8310173  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

as more particularly described in the existing Certificate of Title standing in the register in the name(s) of **FIRST STREET PLAZA GP LTD.** and the Caveator forbids the registration of any person as transferee or owner or of, any instrument affecting, the said estate or interest, unless the instrument or Certificate of Title, as the case may be, is expressed to be subject to the claim of the Caveator.

**I APPOINT** 5<sup>th</sup> Floor, 183 Terminal Avenue, Vancouver, B.C., V6A 4G2 as the place at which notices and proceedings relating hereto may be served.

**DATED** this 19th day of March, 2015.

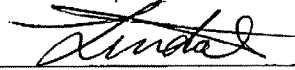
  
\_\_\_\_\_  
**Terence G. Lidster**  
(As Solicitor and agent for the Caveator)

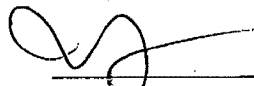
**AFFIDAVIT**

**I, TERENCE G. LIDSTER**, of the City of Calgary, in the Province of Alberta, Solicitor, make oath and say as follows:

1. I am the agent for the above-named Caveator.
2. I believe that the said Caveator has a good and valid claim upon the said land and I say that this Caveat is not being filed for the purpose of delaying or embarrassing any person interested in or proposing to deal therewith.

**SWORN BEFORE ME** at the City of )  
Calgary, in the Province of Alberta, this 19th )  
day of March, 2015. )

  
\_\_\_\_\_  
A Commissioner for Oaths in and for the )  
Province of Alberta )

  
\_\_\_\_\_  
**TERENCE G. LIDSTER**

Linda A-Y Chan  
My Commission Expires March 24, 2016





151080305

151080305 REGISTERED 2015 03 24

CAVE - CAVEAT

DOC 2 OF 2 DRR#: 00ADAZ2 ADR/PFLAROW

LINC/S: 0013848510

2-2

Search ID #: Z12217102

**Business Debtor Search For:**

FIRST STREET PLAZA GP LTD.

Search ID #: Z12217102

Date of Search: 2019-Dec-10

Time of Search: 12:50:19

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Registration Number: 15031734097

Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Mar-17

Registration Status: Current

Expiry Date: 2022-Mar-17 23:59:59

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Exact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

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**Amendments to Registration**

17080137423

Amendment

2017-Aug-01

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**Debtor(s)**

**Block**

**Status**  
Current

1 FIRST STREET PLAZA GP LTD.  
400, 630 - 8 AVENUE SW  
CALGARY, AB T2P 1G6

**Block**

**Status**  
Current

2 FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP  
400, 630 - 8 AVENUE SW  
CALGARY, AB T2P 1G6

**Secured Party / Parties**

**Block**

**Status**  
Deleted by  
17080137423

1 CITIZENS BANK OF CANADA  
5TH FLOOR, 183 TERMINAL AVENUE  
VANCOUVER, BC V6A 4G2

**Block**

**Status**  
Current by  
17080137423

2 VANCITY COMMUNITY INVESTMENT BANK  
5TH FLOOR, 183 TERMINAL AVE  
VANCOUVER, BC V6A 4G2

Search ID #: Z12217102

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	<p>ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY NOW OR HEREAFTER SITUATED ON THE LANDS DESCRIBED BELOW (AND ANY OTHER LEGAL DESCRIPTIONS BY WHICH SUCH LANDS MAY BE DESCRIBED WHETHER BY SUBDIVISION, CONDOMINIUMIZATION OR OTHERWISE) OR WHICH IS NOW OR AT ANY TIME MAY BE ANNEXED TO, COMPRISED IN, PERTAINING OR RELATING TO OR USED IN CONNECTION WITH THE LANDS AND ALL ACCESSIONS THERETO AND SUBSTITUTIONS THEREFOR; THE DEBTOR'S INTEREST IN ANY PRESENT OR HEREAFTER ACQUIRED RENTS, BOOK DEBTS, SECURITY DEPOSITS AND INSURANCE PROCEEDS RELATING TO THE LANDS; AND PROCEEDS.</p> <p>LANDS: PLAN C BLOCK 16 LOTS 21 TO 24 INCLUSIVE EXCEPTING THEREOUT A PORTION FOR STREET WIDENING ON PLAN 8310173 EXCEPTING THEREOUT ALL MINES AND MINERALS (138 - 4 AVENUE SE, CALGARY)</p>	Current

**THIS GENERAL SECURITY AGREEMENT** dated for reference this 19 day of march, 2015.

**BETWEEN:**

**FIRST STREET PLAZA GP LTD.** as general partner of **FIRST STREET PLAZA (2006) LIMITED PARTNERSHIP**, having an office at 400, 630 – 8 Avenue SW, Calgary, Alberta T2P 1G6  
(the “Debtor”)

**AND:**

**CITIZENS BANK OF CANADA**, a Canadian chartered bank, having an office at 5<sup>th</sup> Floor, 183 Terminal Avenue, Vancouver, B.C., V6A 4G2  
(the “Bank”)

**1. SECURITY**

1.1 For value received, the Debtor grants and creates the security constituted by this General Security Agreement and agrees to the terms, covenants, agreements, conditions, provisos and other matters set out in this General Security Agreement.

1.2 As general and continuing security for the Obligations (as defined in clause 2.1 hereof), the Debtor hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest in all presently owned and hereafter acquired personal property of the Debtor of whatsoever nature and kind which are now or at any time hereafter situate on the Lands (as hereinafter defined) or which are now or at any time may be annexed to, comprised in, pertaining or relating to or used in connection with the Lands and all Proceeds thereof and therefrom, renewals thereof, Accessions thereto and substitutions therefor (all of which are herein collectively called the “Collateral”), including, without limiting the generality of the foregoing:

- (a) Inventory of whatsoever nature and kind;
- (b) Equipment (other than Inventory) of whatsoever nature and kind and wheresoever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature and kind;
- (c) book accounts and book debts and generally all Accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, letters of guarantee and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor (all of which are herein collectively called the “Debts”);
- (d) deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (e) contractual rights, insurance claims, insurance proceeds and all goodwill, patents, trademarks, copyrights, and other industrial property;

- (f) all construction contracts of any nature for construction or supply of materials in connection with the construction of the buildings and facilities on the Lands whether those contracts exist as of the date hereof or at any time in the future;
- (g) all licenses in the possession, control or name of the Debtor now or at any time in the future with respect to all chattels which are required to be inspected, approved or licensed;
- (h) all of the necessary licenses and permits required for the construction of all buildings on the Lands and for the conduct and operation of the intended use of the Lands issued by any government, statutory or other authority having jurisdiction over same;
- (i) all conceptual drawings, architects and engineers drawings, technical specifications, building permit drawings, surveyors drawings, quantity specifications, and all similar items related to the construction of all buildings and facilities on the Lands;
- (j) all outstanding guarantees, warranties and indemnities obtained for the benefit of the Debtor relative to the Lands;
- (k) monies other than trust monies lawfully belonging to others; and
- (l) personal property described in any schedule now or hereafter annexed hereto.

1.3 In this General Security Agreement:

- (a) any reference to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof";
- (b) any reference to "Debtor" and the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more corporations and, if more than one Debtor executes this General Security Agreement, this General Security Agreement shall apply and be binding upon each of them jointly and severally and all obligations hereunder shall be joint and several;
- (c) any reference to "General Security Agreement" shall, unless the context otherwise requires, be deemed a reference to this General Security Agreement as amended from time to time by written agreement together with the schedules hereto and any schedules added hereto pursuant to the provisions hereof;
- (d) any reference to "Lands" means those lands legally described as:

**PLAN C  
BLOCK 16  
LOTS 21 TO 24 INCLUSIVE  
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FOR STREET WIDENING ON PLAN 8310173  
EXCEPTING THEREOUT ALL MINES AND MINERALS**

- (e) any reference to "PPSA" shall mean the *Personal Property Security Act* of the Province as amended from time to time, including any amendments thereto and any Act substituted therefor and amendments thereto;

- (f) any reference to the "Province" shall mean the Province of Alberta; and
  - (g) the terms "Accessions", "Accounts", "Chattel Paper", "Consumer Goods", "Documents of Title", "Equipment", "Goods", "Instruments", "Intangibles", "Inventory", "Licences", "Money", "Proceeds" and "Securities" (which latter term shall include all "Investment Property"), and other words and expressions which have been defined in the PPSA shall be interpreted in accordance with their respective meanings given in the PPSA unless otherwise defined herein or unless the context otherwise requires.
- 1.4 The Bank and the Debtor have not agreed to postpone the time for attachment of the security interest granted hereby and the Debtor and the Bank intend that the security interest granted hereby shall attach to presently owned or held Collateral forthwith upon execution of this General Security Agreement and shall attach to hereafter acquired Collateral forthwith upon acquisition of any right, title and interest of the Debtor in such Collateral.
- 1.5 The last 10 days of the term created by any lease or agreement therefor are hereby excepted out of the security constituted by this General Security Agreement but the Debtor shall stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Bank shall direct.

ERROR: undefined  
OFFENDING COMMAND: &-2~

STACK: