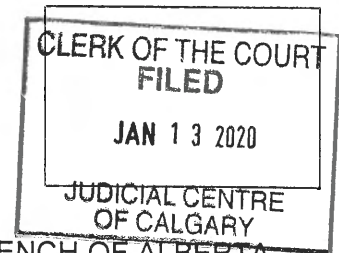


Clerk's Stamp:



COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF

2001 - 00610
COURT OF QUEEN'S BENCH OF ALBERTA
CALGARY

PLAINTIFF

MCAP FINANCIAL CORPORATION

DEFENDANT

1759255 ALBERTA LTD.

DOCUMENT

AFFIDAVIT

CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT:

Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3 Street SW
Calgary, Alberta T2P 5C5

Attention: Jeffrey Oliver
Phone: 403-351-2921
Facsimile: 403-648-1151

AFFIDAVIT OF GEORGE MEJURY

Sworn on January 9, 2020

I, GEORGE MEJURY, of the City of Brampton, in the Province of Ontario, SWEAR AND SAY THAT:

1. I am a Director of Portfolio Management with MCAP Financial Corporation ("**MCAP**"). I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

I. PURPOSE

2. I swear this affidavit in support of an application brought by MCAP to appoint MNP Ltd. ("**MNP**") as receiver-manager over all the property, assets and undertaking of 1759255 Alberta

Ltd. ("**175**") relating to the Property (as defined below), including without limitation the real property municipally known as 1717 Mountain Avenue, Canmore, Alberta ("**Property**").

3. MCAP is seeking to appoint MNP as receiver pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended ("**BIA**") because, among other things, 175 has and continues to fail to pay the principal amount outstanding and monthly installments due under the Mortgage and the Commitment Letter (as such capitalized terms are defined below). MCAP has also lost faith and confidence in 175's ability to manage the Property.

4. MCAP has a right to the appointment of a receiver pursuant to the terms of its security. In addition, MCAP is the only mortgagee in respect of the Property and is also the first-priority perfected secured creditor of 175.

II. PARTIES

5. MCAP is one of Canada's largest independent mortgage and development financing companies specializing in residential and commercial mortgages and development finance loans. MCAP provides new loan origination, asset management and loan servicing solutions for institutional investors, and has over \$100 billion in assets under management. MCAP is a privately held corporation incorporated under the *Canada Business Corporations Act*, RSC 1985, c C-44. Attached hereto as **Exhibit "A"** is a copy of the federal corporate search report for MCAP.

6. The respondent, 175 is a privately held corporation incorporated under the *Business Corporations Act* (Alberta), RSA 2000, c. B-9. 175 is a real estate holding company with the primary purpose of owning and managing the Property (as defined below) and Premises, which contains short- and medium-term residential accommodations. Attached hereto as **Exhibit "B"** is a copy of the Alberta corporate search report for 175.

III. PROPERTY AND PREMISES

7. 175 is the registered owner of the Property, legally described as:

PLAN CANMORE 5263HV
BLOCK ONE (1)
THE NORTH EAST TWO HUNDRED AND SEVENTEEN (217) FEET
OF LOT EIGHT (8)
EXCEPTING THEREOUT ALL MINTES AND MINERALS

8. There are two buildings located on the Property comprising 45 rental apartment units ("**Premises**"), which were previously motel rooms. To the best of my knowledge, the apartment units are rented out to individuals on a short- and medium-term basis. MCAP does not have the current rent-roll. 175 is responsible for maintenance of the Premises.

IV. LOAN AND SECURITY

9. Pursuant to the terms of a commitment letter dated September 12, 2018, as amended ("**Commitment Letter**"), a loan was advanced by MCAP to 175 in the principal amount of \$2,418,750 ("**Loan**"). Attached hereto as **Exhibit "C"** is a copy of the Commitment Letter without exhibits.

10. As security for the Loan, MCAP was granted, among other things, (i) a first-ranking mortgage against the Property ("**Mortgage**"); (ii) a general security agreement ("**GSA**"); and (iii) a general assignment of rents and leases ("**GARL**"). Attached hereto as **Exhibits "D", "E" and "F"** is a copy of the Mortgage (and standard mortgage terms), GSA and GARL.

11. A search of title against the Property discloses the following registrations:

- a. the Mortgage in favour of MCAP;
- b. the GARL in favour of MCAP;
- c. an easement; and

d. a utility right of way in favour of the Town of Canmore.

12. Attached hereto as **Exhibit “G”** is a copy of the certificate of title in respect of the Property.

13. A search conducted against 175 under the Alberta personal property registration system (“**PPR**”) discloses a first-priority registration in favour of MCAP, a subordinate registration in favour of 1028198 Alberta Ltd. and Olympia Trust Company, a subordinate registration in favour of ATB Financial, and no other registrations or other secured parties. Attached hereto as **Exhibit “H”** is a copy of the PPR search results for 175 as of January 7, 2020.

14. The obligations and indebtedness due and owing by 175 under the Mortgage are also guaranteed pursuant to a guarantee dated September 24, 2018 granted by Song Song Li and Leef Living Ltd. (collectively, “**Guarantors**”). Attached hereto as **Exhibit “I”** is a copy of the guarantee.

V. INDEBTEDNESS

15. As at December 10, 2019, the amount outstanding under the Loan is \$2,401,914.80, inclusive of principal, accrued interest and legal fees up to such date. Interest plus legal and all other costs and expenses incurred by MCAP (prior to and following the date of this Application) continue to accrue pursuant to the terms of the Mortgage and Commitment Letter.

VI. DEFAULT AND DEMAND

16. Events of default under the Mortgage occurred and have continued since November 1, 2019 or earlier. These defaults include, among other things, 175’s failure to make principal and interest payments, failure to provide annual financial statements and rent-rolls, and the

occurrence of a material adverse change relating to 175 or the risk associated with the Loan or operation of the borrower or Guarantors.

17. I am also advised by Jeffrey Oliver, Partner of Cassels Brock & Blackwell LLP ("**Cassels**"), MCAP's solicitors, that as of January 8, 2020 there are tax arrears owing on the Property in the amount of \$8,728.79 resulting from the transfer of utility arrears to the tax roll. Attached hereto as **Exhibit "J"** is a copy of the municipal tax search and correspondence relating to the utilities arrears. I am further advised by Mr. Oliver and verily believe it to be true that the Town of Canmore explained to Cassels that the tax certificate erroneously indicates the tax arrears are from 2017 (as opposed to the date the utilities arrears were transferred, which is December 13, 2019), because of a Town of Canmore information technology systems issue.

18. MCAP requested on several occasions that the Loan be brought current, but the borrower refused or neglected to do so. A demand letter and notice of intention to enforce security under section 244 of the *BIA* ("**NITE**") was delivered to 175 and the Guarantors on December 12, 2019, which among other things demanded that all amounts owing under the Loan were immediately due and payable in full. Attached hereto as **Exhibit "K"** is a copy of the demand letter and NITE.

19. On January 6, 2020, 175 advised counsel to MCAP that it made a \$29,000 payment toward the Loan. On January 7, 2020, 175's principal emailed confirmation of the wire to MCAP's solicitors and stated, "[w]ired \$29,000, will do rest of balance soon". Attached hereto as **Exhibit "L"** is a copy of the wire confirmation.

20. MCAP was not able to locate the payment. I confirmed internally that the bank account information on the wire confirmation was not the relevant MCAP bank account for payments made on the Loan. I was also advised by Mr. Oliver and verily believe it to be true, that Cassels did not receive any payment from 175 or the Guarantors on behalf of MCAP.

21. On January 8, 2020, MCAP delivered a letter to 175 indicating that no funds were received, and even if they were, the amount of the payment was inadequate because the Loan had been accelerated. Attached hereto as **Exhibit "M"** is copy of the subject letter.

22. In an email dated January 9, 2020, 175 advised MCAP and its counsel that the \$29,000 wire transfer was completed and that "we still short another \$22,000 for interest arrears and legal fees." The reasons cited by 175 for its failure to make regular payments under the Loan was cash flow mismanagement, including without limitation failure to properly calculate the fees it owed to an online booking service and taxes. Attached hereto as **Exhibit "N"** is copy of the subject email.

23. Following receipt of this email, MCAP was able to locate the \$29,000 in an account unrelated to the Property.

24. As of the date of swearing this affidavit the amounts properly due and payable under the Mortgage and Loan are still outstanding. Outside of the \$29,000 wired on January 6, 2020, no amounts have been received by MCAP in full or partial repayment of the Loan, accrued interest or other amounts properly due and owing under the Mortgage or Commitment Letter since November 1, 2019.

25. The Mortgage and GSA provide that MCAP may appoint a receiver upon the occurrence of an event of default.

VII. RECIEVER IS NECESSARY

26. MCAP has lost confidence in 175's ability to manage the Property.

27. I am also concerned that the value of the Property secured by the Mortgage may be worth less than the amount of indebtedness properly due and owing to MCAP.

28. Attached hereto as Exhibit "J" is the Town of Canmore 2019 municipal tax assessment for the Property, which indicates it was assessed for municipal tax purposes at \$1,465,200. As noted in paragraph 15 above, the amount outstanding under the mortgage as at December 10, 2019 is \$2,401,914.80.

29. I believe the appointment of a receiver is necessary and appropriate considering MCAP's lack of visibility into the management of the Premises, including without limitation its occupancy. MCAP wants to ensure that:

- a. the Property is being properly managed;
- b. the apartments are being rented;
- c. the rent is being properly collected and appropriately applied to the maintenance of the Premises and payment of the Mortgage; and
- d. the Property and Premises are properly secured and insured, among other items, to preserve MCAP's collateral.

30. A receiver will also allow MCAP to realize on its security in an efficient, transparent and orderly manner.

31. MNP is prepared to act as receiver if so appointed and I verily believe that they are qualified to act in such capacity. Attached hereto as **Exhibit "O"** is a copy MNP's consent to act as receiver.

32. I swear this affidavit in support of the appointment of MNP as receiver over all of the assets, undertaking, and property of 175 relating to the Property, including without limitation as receiver over the Property.


SWORN BEFORE ME at the City of Toronto, in)
 the Province of Ontario, this 9th day of January,)
 2020)

 Commissioner for Oaths/Notary Public in and for Ontario)

JEREMY BORNSTEIN LSO#65425C
 Barrister and Solicitor

 George Mejury)

This is **Exhibit "A"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor





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du Canada**

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Federal Corporation Information - 423225-9

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i Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

Corporation Number

423225-9

Business Number (BN)

885428722RC0002

Corporate Name

MCAP FINANCIAL CORPORATION

Status

Active

Governing Legislation

Canada Business Corporations Act - 2004-04-15

Registered Office Address

200 KING STREET WEST
SUITE 400
TORONTO ON M5H 3T4
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

MARK ALDRIDGE

200 King Street West

Suite 400

Toronto ON M5H 3T4

Canada

Brian Carey

200 King St. W

Suite 400

Toronto ON M5H 3T4

Canada

Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

04-15

Date of Last Annual Meeting

2019-01-24

Annual Filing Period (MM-DD)

04-15 to 06-14

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders**Status of Annual Filings**

2020 - Not due

2019 - Filed

2018 - Filed

Corporate History**Corporate Name History**

2004-04-15 to Present

MCAP FINANCIAL CORPORATION

Certificates and Filings**Certificate of Amalgamation**

2004-04-15

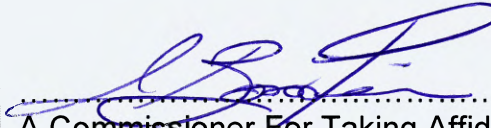
Corporations amalgamated:

- 4125525 4125525 CANADA INC.
- 4125533 4125533 CANADA INC.
- 3685764 MCAP FINANCIAL CORPORATION

[Buy copies of corporate documents](#)[Start New Search](#)[Return to Search Results](#)**Date Modified:**

2019-10-08

This is **Exhibit "B"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2020/01/07
Time of Search: 12:18 PM
Service Request Number: 32286553
Customer Reference Number: 02761743-EDD3_5_848330

Corporate Access Number: 2017592557

Legal Entity Name: 1759255 ALBERTA LTD.

Legal Entity Status: Active

Alberta Corporation Type: Numbered Alberta Corporation

Registration Date: 2013/07/08 YYYY/MM/DD

Date of Last Status Change: 2018/03/20 YYYY/MM/DD

Revival/Restoration Date: 2018/03/20 YYYY/MM/DD

Registered Office:

Street: 204, 2635 - 37TH AVENUE NE
City: CALGARY
Province: ALBERTA
Postal Code: T1Y 5Z6

Records Address:

Street: 204, 2635 - 37TH AVENUE NE
City: CALGARY
Province: ALBERTA
Postal Code: T1Y 5Z6

Directors:

Last Name: LI
First Name: SONG
Middle Name: SONG
Street/Box Number: 7107 - 26 AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T3H 3X2

Last Name: REN
First Name: XIAOLING

Street/Box Number: 28 ELMONT DRIVE S.W.

City: CALGARY

Province: ALBERTA

Postal Code: T3H 3X5

Voting Shareholders:

Legal Entity Name: LEEF LIVING LTD.

Corporate Access Number: 2012678005

Street: 1717 & 1719 - 10TH AVENUE S.W.

City: CALGARY

Province: ALBERTA

Postal Code: T3C 0K1

Percent Of Voting Shares: 50

Legal Entity Name: XLRATE DEVELOPMENT CORP.

Corporate Access Number: 2016011203

Street: 28 ELMONT DRIVE S.W.

City: CALGARY

Province: ALBERTA

Postal Code: T3H 3X5

Percent Of Voting Shares: 50

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: CLASS A COMMON VOTING SHARES
Share Transfers SHARE TRANSFER NEED BE BOTH AGREED BY ALL
Restrictions: SHAREHOLDERS
Min Number Of Directors: 1
Max Number Of Directors: 5
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: NONE

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
AKAI MOTEL	TN21816681

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2018	2018/08/22

Outstanding Returns:

Annual returns are outstanding for the 2019 file year(s).

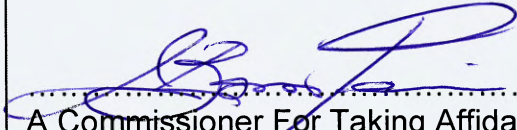
Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2013/07/08	Incorporate Alberta Corporation
2015/09/02	Status Changed to Start for Failure to File Annual Returns
2016/01/02	Status Changed to Struck for Failure to File Annual Returns
2018/03/20	Initiate Revival of Alberta Corporation
2018/03/20	Complete Revival of Alberta Corporation
2018/08/22	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2018/09/12	Name/Structure Change Alberta Corporation

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is **Exhibit "C"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor





MCAP

200 King Street West
Suite 400
Toronto, ON M5H 3T4
Tel 416 598-2665

1 800 387-4405
www.mcap.com

September-12-18

1759255 Alberta Ltd.
c/o Yvan Repka
430, 2020 4th Street SW
Calgary, AB
T2S 1W3

Attention: Mr. Yvan Repka

Dear Sir:

Re: **First Mortgage Loan securing property known as The Akai
Municipally located at 1717 Mountain Avenue, Canmore, AB
Loan #18-5793-T00**

We are pleased to advise that MCAP Financial Corporation ("MCAP" or the "Lender") has approved a first mortgage loan (the "Loan") subject to the terms and conditions set out below and in the attached Schedules "A", "B" and "C" (collectively, this "Commitment").

Purpose: *To provide the Borrower with first mortgage conventional financing in the amount of \$2,418,750 (75% Loan to Cost, 46% Loan to Value) to facilitate the purchase, renovation and repositioning of a 45-unit apartment building.*

Borrower: **1759255 Alberta Ltd.**
(the "Borrower")

Recourse: The Loan is full recourse to the Borrower and Guarantor.

Indemnitors: The Borrower and each Beneficial Owner, [] and each of [] and [] (collectively, the Indemnitors") shall indemnify and save harmless the Lender, on a joint and several basis, from all liabilities, obligations, claims, demands, losses, damages, actions, proceedings, costs and expenses arising from:

- a) any misappropriation of rents, proceeds of insurance policies or expropriation awards relating to the Property or not applying such funds in accordance with the Loan Documents;
- b) the Borrower breaching any of the provisions of the Loan Documents relating to collection and remittance of Taxes, environmental matters and Transfers, as set out in the Loan Documents;
- c) any committing or permitting of waste or damage to the Property as a result of its intentional misconduct, wilful neglect or gross negligence, or any removal of any part of the improvements from the Property, other than in the ordinary course of business of the Borrower;
- d) any fraud or material misrepresentation committed by the Borrower in connection with the application for the Loan; and
- e) any claim being made or asserted by any Person that any amount credited to the Borrower by the Lender on account of advance of the

monies under the Loan and directed by the Borrower to be deposited into any escrow account established pursuant to the Loan, or to be paid on account of any costs.

The indemnity shall be unlimited as to time or amount and the Lender may require the Indemnitors to execute its standard form of indemnity relating thereto. For greater certainty, all assets of the Indemnitors shall be available to satisfy the indemnity contemplated herein.

Guarantor: The personal guarantee of Songsong Li (collectively, the "Guarantor") will be required for the full amount of the Loan and all other amounts owing by the Borrower under this Commitment or the Loan Documents (collectively, the "Loan Indebtedness") until such time that the Loan Indebtedness and such amounts are paid in full.

Property Description: The subject is a two building, 45 unit wood-frame construction rental apartment complex located at 1717 Mountain Avenue in Canmore, AB. The building was constructed in 1970 and consists of studio apartment units.

Municipal Address: 1717 Mountain Avenue, Canmore, AB T1W 2W1

Legal Description: TBD

Lot Size: 39,686 sq. ft.

Tenure: Freehold

Building Description: The subject consists of two buildings constructed in 1970, comprised of studio apartment units. The current property's exterior features a stucco façade and metal roof, and includes a 36 stall parking lot shared between the two buildings.

Year Built: 1970

The property described above together with all present and future buildings, improvements, fixtures, equipment, chattels, leases and rents, all as more particularly described in the Loan Documents, is referred to in this Commitment as the "Property".

Loan Facility: \$2,418,750 conventional first mortgage representing 55% of the "as-is" appraised value with the proforma net operating income (NOI) providing a minimum debt service coverage ratio (DSCR) of 1.30x which is to be maintained throughout the term of the loan.

Interest Rate: The interest rate will be fixed at 6.2%, calculated semi-annually, not in advance.

Term: Two years (2) years from the first day of the month following the date of the first advance (the "Maturity Date"), subject to acceleration in the Event of Default (as defined in the Loan Documents), at which time all principal, interest and fees may become due and payable upon demand at the option of the Lender. On the Maturity Date, the remaining Loan balance, interest thereon and all other amounts owing hereunder, shall be due and payable.

Amortization Period: Twenty-Five (25) years from the Interest Adjustment Date (as defined in the Loan Documents)

Payments: The Borrower shall pay to the Lender on the first day of each month (each a "Payment Date"), commencing on the first day of the month following the Interest Adjustment Date, by pre-authorized, automated debit:

1. equal blended payments of principal and interest in an amount to be determined by the Lender subject to the establishment of the interest rate and based on the Amortization Period;

2. one-twelfth of the annual municipal taxes (as applicable);

(Collectively, the "Monthly Payments"). On the Maturity Date, the Loan Indebtedness balance shall be due and payable.

The Borrower shall pay the following amounts to the Lender on the Closing Date:

1. Interest on the Loan from the date of disbursement to the Interest Adjustment Date;
2. All unpaid realty taxes that are due or will become due on or before the Interest Adjustment Date;

It is a condition of this Commitment that all Monthly Payments are to be made by way of automatic debit. Prior to or simultaneously with the advance of the Loan and as a condition thereto, the Borrower will complete and return to the Lender, the Lender's Pre-Authorized Payment form together with pertinent banking details to authorize the payment of the Monthly Payments by automatic debit.

Prepayment:

The Loan is closed for the Term. The Borrower shall have no privilege of prepaying the whole or any amount of the Loan prior to the Maturity Date.

Costs and Fees:

Application Fee:	\$24,187.50	(Received)
Inspection Fee:	\$1,250.00	(Outstanding)
Commitment Fee:	<u>\$24,187.50</u>	<u>(Outstanding)</u>
Total Fees:	\$49,625.00	

The Application Fee in the amount of \$24,187.50 is not refundable under any circumstances unless the Loan is not advanced as a result of a breach or default of the Lender.

The Borrower is required to pay \$25,437.50 with the acceptance of this Letter representing (the "Commitment Fee" and the "Inspection Fee").

The Commitment Fee in the amount of \$24,187.50 will be refunded without interest to the Borrower only if the Loan is completed according to the terms of this Commitment. The refund will be made either with the Loan advance or shortly after the Loan advance is completed. If the Loan has not been advanced by the last day for advance set out in the Availability section of this Commitment for any reason other than default by the Lender, the Lender shall retain the entire Commitment Fee on account of its time and efforts with respect to this Commitment.

All third party costs and expenses of the Lender in connection with the Loan, including without limitation all legal, appraisal, engineering, environmental assessments, title insurance and insurance consultant fees, costs and expenses shall be paid by the Borrower whether or not the Loan closes. On acceptance of this Commitment, the Borrower shall pay a deposit to the Lender in the amount of \$0 for third party costs (the "Third Party Costs Deposit"), which shall be held and applied by the Lender to all third party costs and expenses incurred by it whether or not the Loan closes. The portion of such deposit so applied shall be non-refundable to the Borrower in all circumstances. The Lender shall refund the unexpended balance of the Third Party Costs Deposit to the Borrower at Loan closing, or if the Loan does not close for any reason, once the Lender has determined and paid all such third party costs and expenses, and each Borrower Entity has delivered a full and final release in the Lender's required form. If such third party costs and expenses exceed the Third Party Costs Deposit paid to the Lender, the Borrower shall pay the excess to the Lender upon demand.

Tax Escrow:

All outstanding taxes, assessments and other sums, charges or levied against the Property shall be paid by the Borrower prior to or at the time that the Loan is advanced, and the Lender shall be at liberty to deduct such amount from any advances made.

In addition to the monthly collection of principal and interest, a tax account will be established for the Loan to ensure that the Lender is holding sufficient funds to pay taxes when due.

Such amount shall be equal to 1/12th of annual estimated taxes or such other amount, as determined by the Lender, sufficient to pay taxes when due.

Availability:

The Loan will be disbursed in one advance to the Lender's solicitor upon satisfaction of all terms and conditions set out in this Commitment. For any advance of funds to be made, it is the Borrower's obligation to satisfy all conditions of this Commitment.

Funding anticipated to be on or before September 21, 2018, however, in the event that the mortgage is not registered by September 28, 2018, (the "Closing Deadline") or the advance of funds is not made for any reason whatsoever on or before the Closing Deadline, at the option of the Lender, its obligations under this Commitment shall cease and it shall be released of any present or further obligations, subject to any agreed upon extension. Notwithstanding the foregoing, the Borrower shall remain liable for any outstanding fees and costs as set out herein. The date on which the Loan is advanced is referred to as the "Closing Date".

Loan Documents:

The Borrower, prior to any advance of funds, shall execute and deliver (or, in the case of documents to be executed by third parties, including any Beneficial Owner or Guarantor, cause to be executed and delivered) the following documents (collectively, the "Loan Documents"), on the Lender's standard form subject only to such modifications as shall be necessary to reflect this Loan transaction and as shall be in form, scope and substance satisfactory to the Lender and its legal counsel:

1. A Conventional First Mortgage charge over the land and buildings.
2. A General Security Agreement under the applicable PPSA Legislation containing a fixed first charge on the Property, a fixed first charge on the plant, equipment and other chattels and first floating charge on all other assets and undertakings of the Borrower used in the business conducted on the Property (or chattels, mortgage/moveable hypothec and assignments in provinces without PPSA legislation).
3. An executed General Assignment of Rents and Leases as collateral security
4. A satisfactory commercial title insurance policy is to be received in favour of the Lender issued by Chicago Title Insurance. The costs shall be for the account of the Borrower and will therefore be payable upon receipt of an invoice. The cost may be deducted from the initial advance of funds under this loan.
5. An Assignment of all insurance policies
6. The personal guarantee of Mr. Songsong Li for 100% of the loan amount. The guarantee is for the full duration of the loan, including renewals.
7. Such other typical security as may be reasonably deemed necessary by the Lender and its solicitor.
8. Undertaking from the Borrower to conduct an Asbestos Survey prior to any renovations.
9. Undertaking from the Borrower that prior to any renovation and/or demolition activities, a lead survey is required.
10. Undertaking from the Borrower to repair the leaking sewer line within 30

days of funding.

The Loan Documents will be registered as required by the Lender and its solicitors, acting reasonably.

Funding Conditions:

No funds will be advanced until the Lender has received approved and/or waived the following, all in form and substance satisfactory to the Lender and its legal counsel:

1. Evidence of satisfactory title and the absence of charges, levies and work orders save those approved by MCAP
2. The Borrower will supply to the Lender, and/or its Solicitor, satisfactory confirmation from an expert, qualified in such matters, that there are no violations that exist under any City By-Laws and/or Regulations including, but not limited to, matters related to fire regulations. Title Insurance may be obtained to satisfy this condition if required.
3. Receipt and approval by the Lender of an up to date AACI Appraisal Report confirming the fair market value for the subject property of not less than \$4,400,000 "as is" and a market valuation of \$5,200,000 "as renovated". The Report is to be made to the order of the Lender and must state that it can be relied upon for mortgage financing purposes. The cost of such report is for the account of the Borrower.
4. Receipt and approval by the Lender of a Phase 1 Environmental Site Assessment Report for the subject lands. The report is to be made to the order of the Lender and must state that it can be relied upon for mortgage financing purposes. The cost of the report and any subsequent reports that may be recommended in the Phase 1 Environmental Site Assessment Report is for the account of the Borrower. The Phase I Environmental Site Assessment Report shall be completed no later than one year from the projected funding date.
5. The Mortgage shall contain a Schedule "A" wherein the Borrower covenants and agrees that to the best of their knowledge, there has not been, there are not currently and there will not in the future be any hazardous materials on the site.
6. A site inspection of the subject Property to be carried out by the Lender and the results of which are to be satisfactory to the Lender
7. Receipt and approval by the Lender of a certified rent roll confirming annual potential in place base rental income of not less than \$413,910 and in-place income sufficient to maintain a min. underwritten 1.30x NCF DSCR.
8. Receipt and approval by the Lender of management prepared income and expense statements for the subject Property for the most recent three year period. These statements shall provide for standalone project reporting, isolating the property's financial and operating information from that of other projects owned by the Borrower
9. Receipt and approval of satisfactory accountant prepared financial statements for the Borrower(s) for the most recent two year period as applicable
10. Up to date, signed and dated Personal Net Worth statements for the Borrower(s) and/or Guarantor(s) in a personal capacity as applicable.
11. Receipt and approval by the Lender of up to date credit bureau reports for the Borrower;
12. Prior to the advance of any funds a survey satisfactory to our solicitors and ourselves will be required showing plot dimensions, location and dimensions of all improvements, easements, rights of way, and location of adjoining streets

13. Copy of any applicable Agreement of Purchase and Sale together with any amendments thereto with respect to the acquisition of the subject Property
14. Prior to the advancement of funds, the lender is to receive Identification Verification which is satisfactory to the Lender and its Counsel from each Guarantor, Borrower, and where applicable, signing officers for each corporation or other legal entity entering into the borrowing and guarantee arrangement.
15. Confirmation that the ownership structure is as represented to MCAP: 1759255 Alberta Ltd. is owned by Mr. Songsong Li and Mr. Xiaoling Ren as to 50% interest each.
16. The mortgage provides that the borrower shall maintain a tax escrow account with the Servicer whereby the borrower will pay monthly into such account 1/12 of the annual property taxes payable in respect of the property secured under the Mortgage.
17. Confirmation of payment of the outstanding builder's lien for the Borrowing Company, 1759255 Alberta Ltd.
18. Such other typical requirements as may be reasonably deemed necessary by the Lender and its solicitor.

Further conditions as deemed reasonable by the Lender upon completion of satisfactory due diligence.

Insurance:

Upon acceptance of this Commitment, all insurance policies must be forwarded to the Lender's insurance consultants, Proincon Limited, at the following address, for their review and approval.

Attention: Proincon Limited
300-570 Portage Avenue
Winnipeg, Manitoba
R3C 0G4
Phone: (204) 953-6222
Fax: (204) 953-6220

The cost shall be for the account of the Borrower and will therefore be payable upon receipt of an invoice. The cost may be deducted by the Lender from the initial advance under the Loan as provided under clause 6 under Other Conditions below.

Property Management:

The Borrower shall maintain at all times professional property management for the Property acceptable to the Lender. Any change in the professional property management of the Property shall require the prior written approval of the Lender, such approval not to be unreasonably withheld. In addition, if at any time, the Lender becomes unsatisfied, acting reasonably, with the current or future professional property management of the Property and the reasons for such dissatisfaction are not remedied within thirty (30) days of notice detailing such dissatisfaction, the Borrower shall, at the request of the Lender, change the professional property management to such other professional property management that is acceptable to the Lender acting reasonably.

The Lender acknowledges that as of the date of this Commitment, the Borrower will be self-managing the property and is considered an acceptable property manager by the Lender.

Reporting Requirements:

The Borrower(s) and/or Guarantor(s) shall provide to the Lender:

1. Within 120 days of each fiscal year end during the term of the Loan, accountant prepared financial statements for the Borrower (and/or Guarantor)

2. Within 120 days of each fiscal year end during the term of the Loan, a personal net worth statement for the Borrower (and/or Guarantor) in form and content satisfactory to the Lender)
3. Within 120 days of each fiscal year end during the term of the Loan, a rent roll and operating statements for the Property certified as to accuracy by an officer of the Borrower;
4. Such other financial and supporting information as the Lender may from time to time request.

Late charges / Additional fees may become payable if reporting is not submitted on time.

Subsequent Financing:

No financing subsequent to the Loan shall be permitted, without the prior written consent of the Lender. The Borrower shall disclose to the Lender all existing or proposed financing related to the Property and shall not pledge or otherwise encumber its interest in the Property to any party other than the Lender, without the prior written consent of the Lender. The Borrower will provide evidence, satisfactory to the Lender, as to the source of the Borrower's required equity in the Property.

**Assignment, Sale
& Securitization:**

Each of the Borrower, Guarantor, each Indemnitor and Beneficial Owner (collectively, the "Borrower Entities" and each, a "Borrower Entity") acknowledges and agrees that this Commitment, the Loan and the Loan Documents (or interests therein or securities backed by or representing interests in pools of mortgages of which the Loan and the Loan Documents are part) may, in whole or in part, be sold, transferred, participated, pledged or assigned (a "Transfer"), or securitized (a "Securitization") whether through private placements, public markets or otherwise, by the Lender, including by any successors and assigns of the Lender, without further notice to or the consent of any Borrower Entity. The Borrower Entities consent, acknowledge and agree that, in contemplation of or as part of any such Transfer or Securitization, all information and materials (including, without limitation, financial statements, net worth statements, personal financial information, credit reports, information on the Property and the tenants, the status of the Loan and the Loan Documents, and any default thereunder) provided in connection with this transaction, may be collected and used by, and disclosed to, the Lender, the Custodian (or any Person with an ownership interest in the Loan), the Servicer, or other servicing entities who service the commercial mortgages or securitized pools of commercial mortgages from time to time of which the Loan and the Loan Documents may become part, and be collected used by or released or disclosed to any of the following: assignees, pledgees, insurers, purchasers or transferees under a Transfer or Securitization, the public or any private entity or group in an offering memorandum, prospectus or other disclosure document; the public, any private entity or group and/or other interested persons in the course of providing market information in regard to the ongoing status of the Loan or loan pools of which the Loan may be part; any subsequent or proposed purchaser and their third party advisors and/or agents; underwriters, placement agents, rating agencies, governmental authorities or other persons in connection with such Transfers or Securitizations; the Servicer and its successors; and other servicing entities who service commercial mortgages or securitized pools of commercial mortgages from time to time of which the Loan and Loan Documents may become part. If any of the aforesaid information constitutes personal information of an individual, the Borrower represents that it has obtained the individual's consent to the collection and use of such information.

Other Conditions:

Prior to the advance of funds and as a condition thereto, the Lender's solicitor shall confirm that all of the below noted requirements have been satisfied and are acceptable for financing.

1. The Loan will only be advanced upon (i) title proving acceptable to the Lender and the Lender's solicitors, (ii) registration of the Loan Documents as required and upon receipt from the Lender's solicitors of a satisfactory report on

registration of the Loan Documents and confirmation from the Lender's solicitors of no adverse filings concerning the Borrower in any ministry, department or agency of government which, in the Lender's solicitor's opinion, could affect the priority of the mortgage or other security, (iii) all matters in connection with the Loan Documents and other documentation deemed necessary or advisable by the Lender's solicitors being complied with by the Borrower and all Loan Documents and other instruments and agreements to evidence and secure the Loan being duly executed, with evidence of registration where applicable, and (iv) upon fulfillment of all other terms and conditions of this Commitment.

2. The Lender shall have received evidence of all corporate or other applicable authorities with respect to the Borrower Entities together with a satisfactory opinion from Borrower's counsel with respect to the Borrower Entities as to such matters as Lender may reasonably request, including matters such as: corporate or other existence and authorities, absence of litigation, delivery of security, execution of all Loan Documents and an enforceability opinion for all Loan Documents with respect to each such entity.
3. The Lender shall require a satisfactory Lender's title insurance policy (from a title insurer and with such endorsements as approved or required by the Lender). Title, zoning and all permitted encumbrances shall be satisfactory to the Lender. If required by the Lender, the Borrower shall provide evidence satisfactory to the Lender that the Property complies with all applicable laws, including all applicable building and zoning by-laws.
4. In addition to credit bureau reports and other due diligence conducted by the Lender or its counsel, the Borrower and Guarantor acknowledge that the Lender and its representatives shall make inquiries to obtain information concerning the character, general reputation, personal characteristics, financial and credit histories, and other general credit information in respect of the Borrower Entities and must be satisfied with the results thereof.
5. All engineering, inspection, title, survey, legal, insurance review and other customary underwriting and inspection, securing or enforcement expenses of the Lender, are for the account of and shall be paid by the Borrower and may at the Lender's option be deducted from an advance and the Borrower hereby irrevocably directs and authorizes the Lender to pay such expenses and costs, together with any outstanding balance of the Application Fee, or any other amount due to the Lender, from and out of any advance of funds under the Loan, in the event the same have not been paid at the time thereof, and, for greater certainty, any such amounts so paid from the advance of the Loan shall nonetheless form part of the Loan, bear interest at the applicable interest rate and be secured under the Loan Documents.

Other Terms:

The following terms and conditions shall also apply:

1. By acceptance of this Commitment, the Borrower acknowledges that any and all reports, previously described and the Lender's site inspection(s), will influence the Lender's decision with regards to the requirement for, and the amount of, additional holdbacks, Reserves and deductions that the Lender may, in its sole discretion acting reasonably, deem necessary to repair any physical, mechanical or cosmetic deficiencies at the Property.
2. This Commitment and the other Loan Documents may not be assigned, transferred, mortgaged, pledged or otherwise disposed of by the Borrower without the Lender's prior written consent. However, this Commitment and the Loan Documents or any interest therein, may be assigned or participated

by the Lender (and its successors and assigns), in whole or in part, without the consent of the Borrower or the Guarantor.

3. In the event of the Borrower failing to pay any amount when due or being in breach of any covenant, condition or term of this Commitment or the Loan Documents, or if any representation made by the Borrower or the Guarantor or any information provided by them is found to be untrue or incorrect, or if any other Event of Default as defined in the Loan Documents occurs, or if in the sole opinion of the Lender, a material adverse change occurs relating to the Borrower, the Guarantor, the Property, or the risk associated with the Loan, the Borrower shall, at the option of the Lender, be in default of its obligations to the Lender and the Lender may cease or delay further funding or may exercise any and/or all remedies available to it at law or in equity. Further, the Lender may, at its option, on notice to the Borrower, declare the principal and interest on the Loan and any other amount due under this Commitment or the Loan Documents forthwith due and payable, whereupon the same shall be and become immediately due and payable in full.
4. The voting control of the Borrower shall not change without the prior written consent of the Lender.
5. The waiver by the Lender of any breach or default by the Borrower of any provisions contained herein shall not be construed as a waiver of any other or subsequent breach or default by the Borrower. In addition, any failure by the Lender to exercise any rights or remedies hereunder or under the Loan Documents shall not constitute a waiver thereof.
6. This Commitment and Loan shall be governed by and construed under laws of the Province in which the Property is situated.
7. Each of the Borrower Entities agree that if any one or more of the provisions contained in this Commitment shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall, at the option of the Lender, not affect any or all other provisions of this Commitment and this Commitment shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.
8. If any Borrower Entity is comprised of more than one person or corporation, their obligations shall be the joint and several obligations of each such person or corporation comprising such Borrower Entity unless otherwise specifically stated herein.
9. Time is of the essence in this Commitment.
10. Pursuant to the Loan Documents, the Borrower and Guarantor(s) will provide warranties and representations respecting; accuracy of financial statements and that there has been no material adverse change in either the Borrower's or Guarantor(s) financial condition or operations, as reflected in the financial statements used to evaluate this credit; title to the Property charged by the Loan Documents; power and authority to execute and deliver documents; accuracy of documents delivered and representations made to Lender; no pending adverse claims; no outstanding judgments; no defaults under other agreements relating to the Property; preservation of assets; no undefended material actions, suits or proceedings; payment of all taxes; no consents, approvals or authorizations necessary in connection with documentation; compliance of construction of Property with all laws; no other charges against mortgaged lands except permitted encumbrances; all necessary services available to the Property; no hazardous substances used, stored, discharged

or present on the mortgaged lands and will warrant such other reasonable matters as Lender or its legal counsel may require.

11. This Commitment and all schedules attached hereto which form part of this Commitment, when accepted by the Borrower and other Borrower Entities, in accordance with the acceptance provisions hereof, together with the Loan Documents, constitutes the entire agreement and understanding between the parties hereto with respect to the Loan and supersedes all other agreements, understandings or commitments, verbal or written. The Lender has entered into this Commitment in reliance on the accuracy of any information previously supplied by or on behalf of the Borrower. Any approval or consent by or from the Lender that is contemplated herein shall be effective only if expressly given pursuant hereto; the delivery or receipt of documents shall not be deemed to constitute any such approval or consent. Each Borrower Entity acknowledges that this Commitment is only a summary of the Loan terms, and the Loan Documents will include additional terms and conditions not specifically referenced herein as the Lender deems necessary or appropriate.
12. The Lender's solicitor shall be:

Law Firm: Borden Ladner Gervais LLP
Solicitor: Terence G. Lidster
Address: 1900, 520 – 3rd Avenue SW, Calgary, AB T2P0R3

Phone: 403-232-9500
Fax: 403-266-1395
Email: TLidster@blg.com
13. The Borrower shall have its own legal representation, as noted below:

Law Firm:
Solicitor:
Address:

Phone:
Fax:
Email:
14. The representations, warranties, covenants and obligations herein set out shall not merge or be extinguished by the execution or registration of the Loan Documents but shall survive until all obligations under this Commitment and the Loan Documents have been duly performed and the Loan, interest thereon and any other moneys payable to the Lender are repaid in full. In the event of any inconsistency or conflict between any of the provisions of this Commitment and any provision or provisions of the other Loan Documents, the provisions of this Commitment or the other Loan Documents at the option of the Lender will prevail.
15. No term or requirement of this Commitment may be waived or varied orally or by any course of conduct of the Borrower or anyone acting on his behalf or by any officer, employee or agent of the Lender. Any alteration or amendment to this Commitment must be in writing and signed by a duly authorized officer of MCAP and accepted by the Borrower.
16. Each Borrower Entity acknowledges and agrees that the terms and conditions recited herein are confidential between themselves and the Lender, its Lawyer, Cost Consultant, Insurance Consultant and Property Monitor. Each Borrower Entity agrees not to disclose the information contained herein to a third party, other than their lawyer, without the Lender's prior written consent.

17. Each Borrower Entity hereby jointly and severally acknowledges and agrees that the Lender may collect, use and maintain all Personal Information (as defined below): (i) to assess each Borrower Entity's financial situation, its ability to meet its financial obligations in respect of the Loan and the Loan Documents and its initial and ongoing eligibility for mortgage services; (ii) to administer or service the Loan; (iii) to arrange for and in connection with the financing of the Lender's mortgage business or as it may otherwise determine in connection with any Transfer or Securitization; and (iv) as otherwise necessary or desirable for the provision of mortgage services.

Each Borrower Entity further jointly and severally agrees that the Lender may disclose Personal Information, to (i) credit bureaus, credit reporting agencies, mortgage and other insurers and financial institutions or their agents to confirm or verify, on an on-going basis, its continuing eligibility for the Loan, its continuing ability to meet its financial obligations, its financial situation and its initial and ongoing eligibility for mortgage services; (ii) persons retained to administer or service the Loan or provide reports in connection with the Loan or any Securitization of the Loan or any pool of loans of which the Loan forms part, for the purpose of such administration, servicing or reporting; (iii) persons (or their assignees) involved in the financing of the Lender's mortgage business or any Securitization of the Loan or any pool of loans of which the Loan forms part, or facilitation of such financing or Securitization, for the purpose of their providing or facilitating such financing or Securitization (which may include the administration or servicing of the Loan by them or their agents); and (iv) other persons as necessary for the provision of mortgage services as contemplated by this Commitment, as otherwise necessary in connection with any Transfer or Securitization or for any other purpose as permitted or required under applicable law.

To the extent that any Personal Information concerns any shareholders, officers, employees or directors of a Borrower Entity, it shall be the obligation of such Borrower Entity to obtain the consent of such person to the collection, use, maintenance and disclosure of such Personal Information as contemplated by this Commitment, and each Borrower Entity represents and warrants that it has obtained all such consents.

This consent shall enure to the benefit of any assignee of the Loan or any interest therein. This consent shall be the Lender's and any assignee's good and sufficient authority for its collection, use, maintenance and disclosure of the Borrower Entities' Personal Information as set out above. Each Borrower Entity jointly and severally represent that all Personal Information provided herein about it or any of its shareholders, officers, employees or directors is accurate and correct in all material respects. Any updates or corrections to any such Personal Information and any questions or issues regarding the collection, use, maintenance or disclosure of any such Personal Information hereunder must be made in writing, addressed to:

MCAP Financial Corporation
200 King Street West
4th Floor
Toronto, Ontario M5H 3T4

Attention: Real Estate Finance Group

Or to such other address and contact as the Lender or any assignee may advise.

For purposes hereof, "Personal Information" means all personal information regarding any Borrower Entity or any of its shareholders, officers, employees

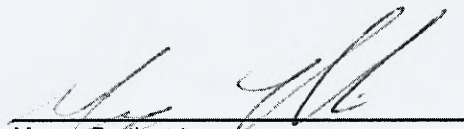
or directors, collected by or delivered to the Lender from time to time in connection with the Loan, this Commitment or the Loan Documents, including without limitation, any information contained in any mortgage application forms and in any other documents or statements presented in support of the Loan.

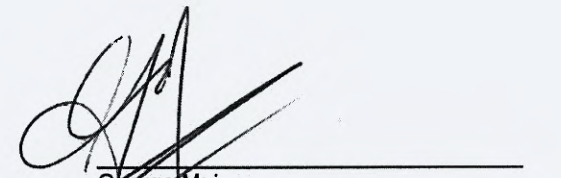
This clause 17 is in addition to and does not limit the provisions above under the heading "Assignment, Sale & Securitization".

If you are in agreement with the foregoing terms and conditions, together with all Schedules included herein, please indicate by signing and returning one (1) copy of this Commitment to the Lender's office by **September 13, 2018**, together with your cheque in the amount of **\$25,437.50** representing the remaining fees due and payable (Commitment Fee + Inspection Fee), failing which this letter shall be deemed null and void.

Yours truly,

MCAP FINANCIAL CORPORATION



Megan Brotherston
Senior Manager, Investment Management

George Mejury
Sr. Director, Corporate Accounts, Origination

ACCEPTANCE

Borrower hereby accepts the terms and conditions of the above-mentioned Commitment, agrees to be responsible for all fees and disbursements payable in accordance with provisions of this Commitment and authorizes the credit checks contemplated herein. By signing this Commitment Letter, Borrower acknowledges that the Loan is solely for its own benefit, and not for the benefit of any third party, except as specifically disclosed herein

EACH OF THE FOLLOWING PERSONS HEREBY accept the terms and conditions as stated herein.

DATED AT Calgary, this 12 day of September, 2018.

BORROWER
1759255 Alberta Ltd.

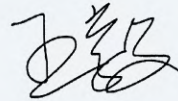


Per:
I / we have the authority to bind the corporation

GUARANTOR
Songsong (Ben) Li



Name
Title:



Witness required for personal guarantor



MCAP

200 King Street West
Suite 400
Toronto, ON M5H 3T4
Tel 416 598-2665

1 800 387-4405
www.mcap.com

September-20-18

1759255 Alberta Ltd.
c/o Yvan Repka
430, 2020 4th Street SW
Calgary, AB
T2S 1W3

Attention: Mr. Yvan Repka

Dear Sir:

Re: First Mortgage Loan securing property known as The Akai
Municipally located at 1717 Mountain Avenue, Canmore, AB
Loan #18-5793-T00

Further to the Commitment Letter dated September 12, 2018 we are pleased to advise that MCAP Financial Corporation has approved the following Amendment to the Commitment ("Amendment") as set forth herein. This letter shall be read in conjunction with the Commitment Letter, and all appendices originally enclosed save and except the replacement Schedule "D" (collectively the "Commitment Letter").

DELETE:

Guarantor:

The personal guarantee of Songsong Li (collectively, the "Guarantor") will be required for the full amount of the Loan and all other amounts owing by the Borrower under this Commitment or the Loan Documents (collectively, the "Loan Indebtedness") until such time that the Loan Indebtedness and such amounts are paid in full.

Loan Documents:

6. The personal guarantee of Mr. Songsong Li for 100% of the loan amount. The guarantee is for the full duration of the loan, including renewals.

INSERT:

Guarantor:

The joint and several guarantees of Leef Living Ltd. and Song Song Li (collectively, the "Guarantor") will be required for the full amount of the Loan and all other amounts owing by the Borrower under this Commitment or the Loan Documents (collectively, the "Loan Indebtedness") until such time that the Loan Indebtedness and such amounts are paid in full.

Loan Documents:

6. The joint and several guarantees of each of Leef Living Ltd. and Mr. Song Song Li shall be required for 100% of the Loan amount. The guarantees are for the full duration of the Loan, including renewals.

Funding Conditions:


19. Receipt and approval of satisfactory Account prepared financial statements for the corporate Guarantor for the most recent fiscal year period.

further conditions as deemed reasonable by the Lender upon completion of satisfactory due diligence.

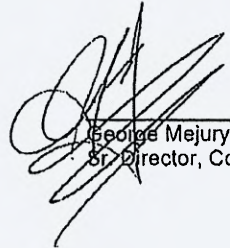
Borrower hereby accepts the terms and conditions of the above-mentioned Commitment, agree to be responsible for all fees and disbursements payable in accordance with provisions of this Commitment and authorize the credit checks contemplated herein. By signing this Commitment Letter, Borrower acknowledges that this loan is solely for its own benefit, and not for the benefit of any third party, except as specifically disclosed herein

Yours truly,

MCAP FINANCIAL CORPORATION



Megan Brotherton
Senior Manager, Investment Management



George Mejury
Sr. Director, Corporate Accounts, Origination

September 20, 2018

ACCEPTANCE

Borrower hereby accepts the terms and conditions of the above-mentioned Commitment, agrees to be responsible for all fees and disbursements payable in accordance with provisions of this Commitment and authorizes the credit checks contemplated herein. By signing this Commitment Letter, Borrower acknowledges that the Loan is solely for its own benefit, and not for the benefit of any third party, except as specifically disclosed herein

EACH OF THE FOLLOWING PERSONS HEREBY accept the terms and conditions as stated herein.

DATED AT Calgary, AB this 24 day of September, 2018.

BORROWER
1759255 Alberta Ltd.

Per: Song Song Li
I / we have the authority to bind the corporation

GUARANTOR

~~1759255 Alberta Ltd.~~

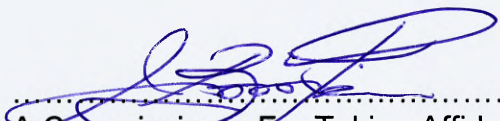
Per: Song Song Li
I / we have the authority to bind the corporation

Songsong (Ben) Li

Name Song Song Li
Title:

Witness required for personal guarantor

This is **Exhibit "D"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



**CHARGE
THE LAND TITLES ACT**

1759255 ALBERTA LTD. (the "Chargor") being registered as owner(s) of an estate in fee simple in possession, in all the piece of land described as follows:

**PLAN CANMORE 5263HV
BLOCK ONE (1)
THE NORTH EAST TWO HUNDRED AND SEVENTEEN (217) FEET
OF LOT EIGHT (8)
EXCEPTING THEREOUT ALL MINES AND MINERALS**

(the "Lands")

in consideration of the sum of **\$2,418,750.00** (the "Principal Sum") lent to me by **MCAP FINANCIAL CORPORATION** (the "Chargee") of **400, 200 King Street West, Toronto, Ontario, M5H 3T4**, the receipt of which sum the Chargor does hereby acknowledge, hereby covenants with the Chargee as follows:

STANDARD MORTGAGE TERMS

1. This Charge consists of the set of Standard Mortgage Terms ("SMT") filed in the Alberta Land Titles Office as Instrument Number 141 085 957 together with all schedules thereto and is subject to the terms contained in the SMT as varied by any deletions from, or amendments or additions to the terms of the SMT as set out herein.

PAYMENT PROVISIONS

2. (a) Principal Sum:
\$2,418,750.00;
- (b) Interest Rate:
6.2% per annum calculated semi-annually, not in advance;
- (c) Interest Adjustment Date:
October 1, 2018;
- (d) Instalment Date:
first day of each month;
- (e) First Instalment Date:
November 1, 2018;
- (f) Maturity Date:
October 1, 2020; and

(g) Monthly Payment Amount:

\$15,764.03.

ENVIRONMENTAL CLAUSE

3. The Chargor hereby represents and warrants that neither the Chargor, nor to its knowledge, any other person, and except as revealed in reports previously provided to the Chargee, has ever caused or permitted any Hazardous Material (as hereinafter defined) to be placed, held, located or disposed of on, under or at the Land and that its business and assets are operated in compliance with applicable laws intended to protect the environment (including, without limitations laws respecting the discharge, emission, spill, or disposal of any Hazardous Materials) and that no enforcement actions in respect thereof are threatened or pending and covenants to cause any person permitted by the Chargor to use or occupy the Lands or any part thereof to continue to so operate. The Chargor hereby indemnifies the Chargee, its officers, directors, employees, agents and its shareholders 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 which at any time or from time to time may be paid, incurred or asserted against any of them for, with respect to, or as a direct result of, the presence on or under, or the discharge, emission, spill or disposal from, the Lands or into any land, the atmosphere, or any watercourse, body of water or wetland, of any Hazardous Material where it has been proven that the source of Hazardous Material is the Lands (including without limitation: (a) the costs of defending and/or counter-claiming or claiming over against third parties in respect of any action or matter; and (b) any cost, liability or damage arising out of a settlement of any action entered into by the Chargee with the consent of the Chargor (which consent shall not be unreasonably withheld); and the provisions of and undertakings and indemnification set out in this Clause shall survive the satisfaction and release of the security documents and payment and satisfaction of this Charge and liability of the Chargor to the Chargee pursuant to this mortgage. The indemnity contained herein in favour of the Chargee shall enure to the benefit of the Chargee, and successors and assignees of the security. For the purposes of this clause, "Hazardous Material" means any contaminants or pollutants or any substance that when released into the natural environment is likely to cause at some immediate or future time, material harm or degradation to the natural environment or material risk to human health and without restricting the generality of the foregoing, includes hazardous waste or dangerous goods as defined by applicable federal, provincial or municipal laws for the protection of the natural environment or human health. The indemnity contained herein shall be of no further force and effect upon the full repayment of the Principal Sum, interest, costs and other monies secured hereby, and the registration of the appropriate discharges unless, during the term hereof, the Chargee has taken possession or control of the Lands or has become the owner thereof as a result of foreclosure of the Chargor's interest in which event, or either of them, the foregoing indemnity shall survive.

PROPERTY MANAGEMENT

4. The Chargor agrees to maintain at all times professional property management for the Lands acceptable to the Chargee. Any change in the professional property management of the Lands shall require the prior written approval of the Chargee, such approval not to be unreasonably withheld. In addition, if at any time, the Chargee become unsatisfied, acting reasonably, with the current or future professional property management of the Lands and the reasons for such dissatisfaction are not remedied within 30 days of notice detailing such dissatisfaction, the Chargor agrees to at the request of the Chargee, change the professional property management to such other professional property management that is acceptable to the Chargee acting reasonably.

REPORTING REQUIREMENTS

5. The Chargor agrees to provide to the Chargee:
- (a) within 120 days of each fiscal year end during the term of the loan accountant prepared financial statements for the Chargor and beneficial owner and guarantors, if any, as required by the Chargee;
 - (b) within 120 days of each fiscal year end during the term of the loan, a personal net worth statement for any individual guarantor in form and content satisfactory to the Chargee;
 - (c) within 120 days of each fiscal year end during the term of the loan, rent roll and operating statements for the Lands certified as to accuracy by an officer of the Chargor;
 - (d) such other financial and supporting information as the Chargee may request.

DEFAULT OR ADVERSE CHANGE

6. In the event of the Chargor failing to pay any amount when due or being in breach of any covenant, condition or term of the commitment letter, this Charge or any collateral security, or if any representation made by the Chargor or any guarantor or any information provided by them is found to be untrue or incorrect, or if any event of default hereunder or under any collateral security occurs, or if in the sole opinion of the Chargee, a material adverse change occurs relating to the Chargor, any guarantor, the Lands, or the risk associated with the loan facility, the Chargor shall at the option of the Chargee be in default of its obligations to the Chargee and the Chargee may exercise any and/or all remedies available to it at law or in equity. Further the Chargee may, at its option, on notice to the Chargor, declare the principal and interest on the loan, and any other amount due hereunder forthwith due and payable, whereupon the same shall be and become immediately due and payable in full.

ADDITIONAL REPRESENTATION AND WARRANTIES

7. The Chargor hereby represents and warrants to the Chargee (a) the accuracy of the financial statements provided to the Chargee and that there has been no material adverse change in either the Chargor's, or any guarantor's financial condition or operations, as reflected in the financial statements used to evaluate this credit; (b) that it has the power and authority to execute and deliver the security documents; (c) the accuracy of all documents delivered and representations made to Chargee; (d), that there are no pending adverse claims against the Chargor or the Lands and there are no outstanding judgments against the Chargor or any guarantor; (e) that there are no defaults under other agreements relating to the project; (f) the compliance of construction of the project with all laws; and (g) that there are all necessary services available to the Lands.

BENEFICIAL OWNERSHIP

8. The Chargor warrants that the Chargor is the registered owner of the Lands and that 1759255 ALBERTA LTD. is the beneficial owner thereof.

CHARGOR'S ACKNOWLEDGEMENT

9. The Chargor hereby acknowledges as follows:
- (a) That the Chargor understands the nature of the SMT referred to in clause 1 above and the statements made in the said clause;

- (b) That the Chargor has been given a copy of the SMT;
- (c) That the Chargor is the registered owner of the Lands; and
- (d) For the better securing to the Chargee of the repayment in the manner set out in this Charge of the Principal Sum and interest and all other indebtedness and obligations of the Chargor secured by this Charge the Chargor hereby mortgages and charges to the Chargee all the Chargor's estate and interest in the Lands.

IN WITNESS WHEREOF the Chargor has executed these presents this 20 day of September, 2018.

1759255 ALBERTA LTD.

Per: _____

Per: _____

(seal)

**LAND TITLES ACT (ALBERTA)
STANDARD MORTGAGE TERMS**

Filed By: MCAP FINANCIAL CORPORATION

Filing Number: _____ **(NORTH)** **Filing Date:** _____

Filing Number: _____ **(SOUTH)** **Filing Date:** _____

The following set of Standard Mortgage Terms shall be deemed to be included in every charge/mortgage in which it is referred to by its filing number, except to the extent that the provisions of this set of Standard Mortgage Terms are varied by any deletions from or amendments or additions to the terms thereof in any Registered Mortgage.

1. DEFINITIONS

Unless there is something in the subject matter or context inconsistent therewith, in this set of Standard Mortgage Terms the following expressions shall have the following meanings:

✓ "Chargee" means the Chargee as described in the Registered Mortgage and his heirs, executors, administrators, successors and assigns.

✓ "Chargor" means the Chargor as described in the Registered Mortgage and his heirs, executors, administrators, successors and assigns.

"First Instalment Date" means the First Instalment Date specified or described in the Registered Mortgage.

"Instalment Date" means the Instalment Date specified or described in the Registered Mortgage.

"Interest Adjustment Date" means the Interest Adjustment Date specified or described in the Registered Mortgage.

✓ "Interest Rate" means the rate of interest specified or described and calculated in accordance with the Registered Mortgage.

✓ "Lands" means the lands described in the Registered Mortgage together with all buildings, structures and improvements built upon or made to the said lands from time to time, all fixtures described herein, and all other appurtenances thereto.

✓ "Land Titles" means the Alberta Land Titles Office.

"Maturity Date" means the Maturity Date specified or described in the Registered Mortgage.

✓ "Monthly Payment Amount" means the amount specified or described as such in the Registered Mortgage.

"Principal Sum" means the amount specified or described in the Registered Mortgage as the Principal Sum of the Charge and where the context permits includes the principal balance remaining unpaid from time to time.

"Registered Mortgage" means the charge registered at Land Titles which incorporates and adopts this set of Standard Mortgage Terms by referring to the filing number of this set of Standard Mortgage Terms, together with all schedules thereto.

2. **RIGHT TO CHARGE LANDS**

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

3. **GOOD TITLE**

The Chargor covenants that it has good title in fee simple to the Lands free and clear of all encumbrances.

4. **PROVISO FOR REDEMPTION**

Provided this Charge shall be void upon payment of the Principal Sum herein (together with any and all amounts provided for herein to be added from time to time to the Principal Sum), in lawful money of Canada with interest as herein provided and taxes and performance of statute labour and performance of all covenants in this Charge. The Principal Sum secured hereunder together with interest thereon and all other sums payable by the Chargor hereunder shall collectively be referred to as the "Indebtedness".

5. **RELEASE**

The Chargor does release to the said Chargee all its claims upon the Lands, subject to the proviso for redemption herein.

6. **INTEREST PRIOR TO AND AFTER MATURITY AND DEFAULT**

Interest at the rate set out in the Charge is payable as well after as before maturity and both before and after default.

7. **CHARGOR'S COVENANTS**

(a) The Chargor covenants and agrees to pay to the Chargee at the address stated in the Registered Mortgage or at such other place in Canada as the Chargee may from time to time designate in writing in lawful money of Canada the Principal Sum with interest thereon, or on so much thereof as shall from time to time remain unpaid, at the Interest Rate, until paid, and computed from the date of the first advance of the principal as follows:

(i) Interest at the Interest Rate on the amounts from time to time advanced, computed from the respective dates of such advances, shall become due and be paid on the Instalment Date in each month following the date of the first advance to and including the Interest Adjustment Date. At the option of the Chargee, interest so due and payable may be deducted from such advances.

(ii) Thereafter the Principal Sum and interest set out in the Registered Mortgage shall become due and be paid in equal monthly instalments of

the Monthly Payment Amount on each Instalment Date in each month and in each year from and including the First Instalment Date to and including the Maturity Date.

- (iii) On the Maturity Date the full balance of the Principal Sum and all other Indebtedness hereunder shall become due and be paid.

In the event that the entire Principal Sum shall for any reason not have been advanced before the Interest Adjustment Date, then the Chargee may unilaterally amend the Interest Adjustment Date, the First Instalment Date and the Maturity Date at any time prior to or concurrent with the advance of the full Principal Sum, by notice in writing by ordinary mail to the Chargor.

- (b) The Chargor further covenants with the Chargee that the Chargor will pay all amounts which are payable hereunder or which are capable of being added to the Principal Sum herein pursuant to the provisions of this Charge, including, without limiting the generality of the foregoing: all servicing or other fees, costs or charges provided for herein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the Lands; all costs, commissions, fees and disbursements incurred by the Chargee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the Lands; all costs incurred by the Chargee, including, without limitation, legal costs on a solicitor and his own client basis, with respect to the Charge or the enforcement thereof or incurred by the Chargee arising out of or in any way related to this Charge; any amounts paid by the Chargee on account of any encumbrance, lien or charge against the Lands and any and all costs incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on its security by sale or lease or otherwise.
- (c) The Chargor has not at any time done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as may have been agreed to in writing by the Chargee.

8. COMPOUND INTEREST

It is agreed that if default is made in the payment of any amount to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate provided for in the Charge, and in case the interest and compound interest are not paid on the next instalment payment date after the date of default a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Lands and shall be secured by the Charge.

9. OBLIGATION TO ADVANCE

The Chargor agrees that neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the monies hereby secured, nor shall the advance of a part of the Principal Sum herein bind the Chargee to advance any unadvanced portion thereof, but nevertheless the estate hereby charged shall take effect forthwith upon the execution of this Charge by the Chargor, and any and all costs of any nature whatsoever

incurred or to be incurred by the Chargee in connection with the transaction reflected in the Charge, including without in any way limiting the generality of the foregoing, any costs expressly provided for elsewhere in the Standard Mortgage Terms, together with all of the expenses of the examination of the title and of this Charge and valuation are to be secured hereby in the event of the whole or any balance of the Principal Sum herein not being advanced, the same to be charged hereby upon the Lands, and shall be, without demand thereof, payable forthwith with interest at the rate provided for in this Charge, and in default the remedies herein shall be exercisable.

10. **INSURANCE**

The Chargor covenants and agrees that it will insure and keep insured during the term of this Charge the buildings on the Lands (now or hereafter erected) on an all-risk basis in an amount of not less than the greater of the full replacement value of the buildings located thereon from time to time, or the principal money secured herein, with no co-insurance provisions and with the Chargee's standard mortgage clause forming part of such insurance policy and with such insurance to include liability insurance and business interruption insurance if required by the Chargee. Notwithstanding anything contained in the Charge, the proceeds of any insurance policies may be applied by the Chargee, at its sole option, against any Indebtedness then outstanding. All such policies shall provide for loss payable to the Chargee and contain such clauses, coverages and provisions as the Chargee or its insurance consultant may require from time to time, whether or not consistent with or supplemental to the provisions set forth in these Standard Mortgage Terms. An original of all insurance policies and endorsements from the insurer to the effect that coverage has been initiated and/or extended for a minimum period of at least one year and that all premiums with respect to such term of coverage have been paid for in full, shall be produced to the Chargee prior to any advance and at least thirty (30) days before expiration of any term of any such respective policy, failing which the Chargee may provide therefor and charge the premium paid therefor and interest thereon at the aforesaid rate to the Chargor and any amounts so paid by the Chargee shall be payable forthwith to the Chargee and shall also be a charge upon the Lands secured by this Charge.

11. **REPAIR**

The Chargor covenants and agrees that it will keep the Lands in good condition and repair according to the nature and description thereof, and the Chargee may, whenever it deems necessary, enter upon and inspect the Lands, and the cost of such inspection shall be added to the Indebtedness and if the Chargor neglects to keep the Lands in good condition and repair, or commits or permits any act of waste on the Lands (as to which the Chargee shall be sole judge) or makes default as to any of the covenants or provisos herein contained, the Charge shall, at the option of the Chargee, forthwith become due and payable in full, and all remedies provided for in the Charge or otherwise available to the Chargee at law may be exercised forthwith and the Chargee may make such repairs as it deems necessary, and the costs, charges and expenses including servicing fees for the time and services of any employee of the Chargee with interest at the rate provided for in the Charge aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to this Charge.

12. **ALTERATIONS OR ADDITIONS**

The Chargor covenants and agrees that it will not make or permit to be made any alterations or additions to the Lands without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole discretion or may be given only subject to the

compliance with such terms and conditions at the cost of the Chargor as the Chargee may impose.

13. **LANDS INCLUDE ALL ADDITIONS**

The Lands shall include all structures and installations brought or placed on the Lands for the particular use and enjoyment thereof or as an integral part of or especially adapted for the buildings thereon whether or not affixed (in law) to the said lands, including, without limiting the generality of the foregoing, piping, plumbing, electrical equipment or systems, aerials, refrigerators, stoves, clothes washers and dryers, dishwashers, incinerators, radiators and covers, fixed mirrors, fitted blinds, window screens and screen doors, storm windows and storm doors, shutters and awnings, floor coverings, fences, air conditioning, ventilating, heating, lighting, and water heating equipment, cooking and refrigeration equipment, elevators, electric light fixtures and all component parts of any of the foregoing and it is understood and agreed that the same shall become fixtures and an accession to the freehold and a part of the realty.

14. **FURTHER ASSURANCES**

The Chargor covenants that it will execute such further assurances of the Lands as may be requisite.

15. **QUIET POSSESSION**

On default, the Chargee shall have quiet possession of the Lands free from all encumbrances.

16. **CHANGE OF USE**

The Chargor covenants and agrees that it will not change or permit to be changed the use of the Lands without the prior written consent of the Chargee and, further, at no time shall the Lands be used in a manner that would contravene the legislation, laws, rules, requirements, orders, directions, ordinances and regulations of any applicable governmental authority in force from time to time.

17. **BUILDERS' LIENS AND UTILITY CHARGES**

- (a) Provided also that upon the registration of any lien against the Lands which is not discharged within a period of ten (10) days after the date of registration thereof, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Sum then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a builders' lien is registered against title to the Lands, the Chargee shall have the right, but not the obligation, to pay such amounts as may be required to remove such lien from title to the Lands to either the lien claimant or to a court of competent jurisdiction, at the sole option of the Chargee. Any amounts so paid by the Chargee, together with all costs, charges, and expenses incurred by the Chargee in connection therewith, including all solicitor's charges (on a solicitor and his own client basis) or commission, shall be added to the Principal Sum secured by the Charge and shall bear interest at the rate provided for in the Charge and shall, with such interest, be a charge on the Lands prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

- (b) The Chargor covenants that it will pay all utility and fuel charges related to the Lands as and when they are due and that he will not allow or cause the supply of utilities or fuel to the said Lands to be interrupted or discontinued and that, if the supply of fuel oil or utilities is interrupted or discontinued, it will take all steps that are necessary to ensure that the supply of utilities or fuel is restored forthwith. It is specifically agreed that the failure to pay all fuel and utility charges as and when they are due or the interruption or discontinuing of the supply of fuel or utilities to the said lands shall constitute a default by the Chargor within the meaning of this Charge and, in addition to all other remedies provided for herein or otherwise at law, the Charge shall, at the sole option of the Chargee, forthwith become due and payable in full.

18. TAXES

With respect to all taxes, rates and assessments, whether municipal, local, parliamentary or otherwise, including school taxes and local improvement rates and charges (hereinafter collectively referred to as "taxes") chargeable or levied against the Lands, the Chargor covenants and agrees with the Chargee that:

- (a) the Chargee may deduct from any advance of the monies secured by this Charge an amount sufficient to pay the taxes which have become due and payable during any calendar year;
- (b) the Chargee may at its sole option estimate the amount of taxes chargeable against the Lands and payable in each year and the Chargor shall forthwith upon the demand of the Chargee pay to the Chargee one-twelfth (1/12) of the estimated annual amount of such taxes on each monthly payment date during the term of this Charge. The Chargee shall apply such payments to the taxes so long as the Chargor is not in default, but nothing herein contained shall obligate the Chargee to apply such payments on account of taxes more often than yearly; provided, however, that if the Chargor shall pay any sum or sums to the Chargee to apply on account of taxes, and if before such payments have been so applied by the Chargee there shall be default by the Chargor hereunder, the Chargee may at its option apply such sum or sums in or towards curing the default. In no event shall the Chargee be liable for any interest on any amount paid to it and the monies so received may be held with its own funds pending payment or application thereof;
- (c) in the event that the taxes actually charged in a calendar year, together with any interest and penalties thereon, exceed the amount estimated by the Chargee as aforesaid, the Chargor shall pay to the Chargee, on demand, the amount required to make up the deficiency;
- (d) the Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes upon the Lands together with such receipts or evidence of payment of taxes as the Chargee may require from time to time;
- (e) the Chargor shall pay to the Chargee, in addition to any other amounts required to be paid hereunder, the amount required by the Chargee in its sole discretion for a reserve on account of future tax liabilities; and

- (f) the Chargor shall in all instances be responsible for the payment of any and all penalties resulting from any late payment of current tax instalments or any arrears of taxes, and at no time shall such penalty be the responsibility of the Chargee.

19. COMPLIANCE WITH LAWS

The Chargor covenants and agrees that it will promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every governmental authority or agency concerning the Lands and further covenants and agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

20. ENVIRONMENTAL COMPLIANCE

- (a) The Chargor expressly covenants and represents to the Chargee that the Lands do not contain, nor will in the future contain any Hazardous Substances (as hereinafter defined). Neither the Chargor nor any lessee, licensee or any other party acting at the direction of or with the consent of the Chargor or said lessee or said licensee, has manufactured, treated, stored or disposed of Hazardous Substances on the Lands. The Property has never been used as a land fill site or to store Hazardous Substances either above or below ground, in storage tanks or otherwise, unless noted in the Environmental Report obtained by the Chargee. No Hazardous Substances have been released into the environment or deposited, discharged, placed or disposed of at or on the Property, nor have migrated from the Property, as a result of the conduct of the business on the Property or otherwise; and other than in strict compliance with Hazardous Substance Laws. The Chargor covenants that it is in compliance with and maintains compliance with all of the provisions of the Environmental Protection and Enhancement Act (Alberta) (the "Environmental Protection Act") and all other applicable federal, provincial and local laws, administrative rulings, and regulations of any court, administrative agency or other governmental or quasi-governmental authority relating to the protection of the environment and any workplace health and safety legislation (collectively referred to as the "Hazardous Substances Laws"). For purposes hereof, the term "Hazardous Substances" means any one or more of the following: (i) any substance deemed hazardous under the Environmental Protection Act or any of the Hazardous Substances Laws; (ii) any other substance deemed hazardous by the Ministry responsible for the Environmental Protection Act; (iii) petroleum (including crude oil or any fraction thereof); or solution, element, pollutant or waste regulated under any federal, provincial or local statute, ordinance or regulation, including without limiting the generality of the foregoing, urea formaldehyde foam insulation, lead asbestos (whether or not friable or not), toxic mould (or like conditions), all contaminants, pollutants, substances and materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances and/or materials are or shall become prohibited, controlled or regulated pursuant to Hazardous Substance Laws and shall include "contaminants", "dangerous substances", "hazardous materials",

"hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic Substances", all as defined in, referred to, and/or contemplated in Hazardous Substance Laws.

- (b) The Chargor shall immediately advise the Chargee in writing of: (i) any and all enforcement, clean-up, removal, or other governmental or regulatory actions instituted, completed, or threatened pursuant to any Hazardous Substances Laws; (ii) all claims made or threatened by any third party against the Chargor or the Lands relating to damage, contribution, cost recovery compensation, loss or injury (the matters set forth in subsections (i) and (ii) are collectively referred to herein as the "Hazardous Substances Claims"); and (iii) the Chargor's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Lands that could cause the Lands to be subject to any restriction on the ownership, occupancy, transferability, or use of the Lands under any Hazardous Substances Laws.
- (c) The Chargee shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions initiated in connection with any Hazardous Substances Claims and to have its solicitor's fees and costs (at all trial, appellate and bankruptcy levels) in connection therewith paid by the Chargor.
- (d) The Chargor shall not, without the Chargee's prior written consent, take any remedial action in response to the presence of any Hazardous Substances on, under or about the Lands, nor enter into any settlement agreement, or other compromise in respect to any Hazardous Substances Claims, which remedial action, settlement, consent or compromise might, in the Chargee's sole judgment, impair the value of the Chargee's security under this Charge; provided, however, that the Chargee's prior written consent shall not be necessary in the event that the presence of Hazardous Substances on, under or about the Lands either poses an immediate threat to the health, safety or welfare of any individual or is of such a nature that an immediate remedial response is necessary and it is not possible to obtain the Chargee's consent before taking such action, provided that in such event the Chargor shall notify the Chargee as soon as practicable of any action so taken. The Chargee agrees not to withhold its consent, when such consent is required hereunder, if either (i) a particular remedial action is ordered by a court of competent jurisdiction, or (ii) the Chargor establishes to the satisfaction of the Chargee that such remedial action would not result in the impairment of the Chargee's security under this Charge or any other loan documents and there is no reasonable alternative to such proposed remedial action.
- (e) The Chargor shall be solely responsible for, and shall fully and promptly pay, perform, discharge, defend and indemnify and hold harmless the Chargee, its directors, officers, employees, agents, successors and assigns, from and against all loss, damage, claims, liabilities, orders, demands, actions, proceedings, or suits, and all losses, costs, fines, penalties, charges, damages or expenses (including, but not limited to, court costs, technical consultant fees and expenses, and solicitor's fees and expenses at all trial, appellate and bankruptcy levels) arising directly or indirectly, in whole or in part, out of: (i) the presence on or under the Lands of any Hazardous Substances; (ii) any activity carried on or

undertaken on or off the Lands, whether prior to or during the terms of this Charge, and whether by the Chargor or any predecessor in title, or third persons at any time occupying or present on the Lands, in connection with the use, generation, treatment, decontamination, handling, removal, storage, clean-up, transport or disposal of any Hazardous Substances at any time located or present on or under the Lands; and (iii) any act, occurrence, or omission in violation of or contrary to the covenants, representations and warranties made herein.

- (f) The Chargor agrees at all times to comply fully and in a timely manner with, and to cause all tenants, employees, agents, contractors, and subcontractors of the Chargor and any other persons occupying or present on the Lands to comply with the Hazardous Substances Laws applicable to the use, generation, handling, storage, treatment, transport and disposal of any Hazardous Substances now or hereafter located or present on or under the Lands, and the Chargor agrees to indemnify and hold harmless the Chargee from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, solicitor's fees and expenses through all appellate levels), arising directly or indirectly, in whole or in part, from any failure of the Chargor, its employees, agents, tenants, contractors, subcontractors, or other such persons, to comply with the Hazardous Substances Laws.
- (g) The foregoing environmental obligations of the Chargor shall survive the term of this Charge and the repayment of the Indebtedness, any foreclosure of this Charge or any transfer of the Lands, and shall be enforceable against the Chargor in addition to all other obligations of the Chargor hereunder.
- (h) Each of the Chargor hereby agrees that it shall, at its sole cost and expense, remove or take remedial action or cause to be removed or cause remedial action to be taken with regard to any Hazardous Substance released in the environment at, on or near the Lands for which remedial action is required pursuant to Hazardous Substances Laws and each shall indemnify and save harmless the Chargee and its officers, directors, employees, agents and shareholders and their respective heirs, executors, administrators, successors and assigns from and against any and all losses, claims, costs, expenses, damages, or liabilities (including, without limitation, all legal fees and disbursements) which at any time may be paid or incurred by or claimed against any of them for or directly or indirectly arising out of, resulting from or attributable to the use, generation, storage, escape, seepage, leakage, spillage, release, disposal or presence, on, from and under the Lands of any Hazardous Substance, and such indemnification shall survive the satisfaction or release of the mortgage debt or extinguishment of the mortgage debt in the event the Chargee or a third party becomes owner of the Lands upon default of the Chargor. The Chargor acknowledges that the Chargee shall hold the benefit of this indemnity in trust for those indemnified persons who are not a party hereto. Amounts payable by the Chargor under this indemnity shall be immediately due and payable to the Chargee by the Chargor, shall be a charge on the Lands, shall be added to the Principal Sum hereby secured, shall bear interest at the rate provided for in this

Charge and, in default of payment, at the sole option of the Chargee, the powers of sale and other remedies under this Charge, at law or in equity, may be exercised.

- (i) The Chargor covenants and agrees that, if requested by the Chargee, the Chargor shall forthwith on its own behalf and in its own name commission an inspection, audit, review, assessment or report of the Lands by a qualified environmental consultant acceptable to the Chargee and the Chargor shall be solely responsible for the costs of same and the Chargee shall be entitled to a copy of all such audits, reviews or assessments as and when they are prepared. In the event that the Chargor does not commission such inspection, audit, review, assessment or report within thirty (30) days of being requested to do so by the Chargee, the Chargee shall have the right to commission such inspection, audit, review, assessment or report in the name of the Chargor and add the costs thereof to the Indebtedness.

21. EVENTS OF DEFAULT

Without limiting any of the provisions of this Charge, each of the following events shall be considered events of default hereunder upon the happening of which the whole of the Principal Sum outstanding and all interest accruing thereon shall, at the Chargee's option, immediately become due and payable without notice or demand:

- (a) failure of the Chargor or any covenantor or guarantor in respect of the Chargor's obligations under the Charge (hereafter referred to as a "Covenantor" or "Covenantors") or any of them to pay any instalment of principal, interest and/or taxes under this Charge or under any charge or other encumbrance on the Lands (but without hereby deeming the Chargee to have implicitly permitted or subordinated to any such encumbrance), on the date upon which any of the payments for same become due;
- (b) failure of the Chargor or Covenantors to strictly and fully observe or perform any condition, agreement, covenant or term set out in the application for this Charge or the letter of commitment for the loan secured by this Charge, the provisions of this Charge, or any other document giving contractual relationship as between the Chargor and Chargee herein, or if it is found at any time that any representation, covenant and warranty to the Chargee with respect to the loan secured by this Charge or in any way related thereto is incorrect or misleading;
- (c) default by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any charge or other encumbrance affecting the Lands, whether or not it has priority over this Charge (but without hereby deeming the Chargee to have implicitly permitted or subordinated to any such encumbrance);
- (d) the registration of any builders' lien against the Lands which is not discharged within a period of ten (10) days after the date of registration thereof, or the filing of a writ of enforcement against the Lands;
- (e) the Lands are abandoned, any act of waste is committed as to all or any part of the Lands, or any building or other structure now or later being erected on the Lands remains unfinished and without any work being done on it for a period of ten (10) consecutive days;

- (f) the Chargor sells, transfers, encumbers, leases (save for any permitted leasing activity as provided for in the Charge or any other loan document) or otherwise disposes of all or any part of the Lands or any lease or any interest in any of the foregoing, or agrees to do so, without the Chargee's prior written consent;
- (g) the Lands are used for a use other than the use to which the Lands are currently used as of the execution of the Charge (whether or not such changed use is consistent with uses of the Lands permitted by applicable zoning by-laws;
- (h) in the opinion of the Chargee, there is a change in effective control of the Chargor (if the Chargor is a corporation);
- (i) any order is made or resolution passed for the winding-up, liquidation or other dissolution of the Chargor (if the Chargor is a corporation), or there is a change in the membership or a dissolution of the Chargor (if the Chargor is a partnership);
- (j) the Chargor or Covenantor makes an assignment for the benefit of creditors or any proceedings or other action shall be instituted by or against the Chargor or Covenantor seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a monitor, receiver, interim receiver, receiver and manager, trustee, custodian or other similar official for it or for any of its Lands (excluding proceedings or actions which are being contested by the Chargor in good faith, which have been outstanding for fewer than thirty (30) days and in respect of which any enforcement proceedings are stayed), or the Chargor or Covenantor is declared bankrupt or a monitor, receiver, interim receiver, receiver and manager, trustee, custodian or other similar official is appointed of it or in respect of all or any part of the Lands, or power of sale actions or foreclosure proceedings are commenced against all or any part of the Lands;
- (k) another encumbrancer takes possession of all or any part of the Lands or a distress or execution or other similar process is brought against the Lands or any such part (but without hereby deeming the Chargee to have implicitly permitted or subordinated to any such encumbrance);
- (l) all or any part of the Lands is expropriated (including, without limitation, the passing of any legislation or other governmental action that has substantially the same effect as an expropriation); or
- (m) the Chargee determines, acting reasonably in all of the circumstances, that the ability of the Chargor to repay the Indebtedness has been or will be impaired in a material manner or that the value or the marketability of its security held with respect to the Indebtedness is or will be impaired in a material manner;
- (n) the Chargor shall have failed to comply with the provisions of any applicable condominium legislation or registered condominium documents relating to the Lands.

22. EXERCISE OF CERTAIN REMEDIES

If any of the events or circumstances contemplated in the Events of Default clause herein (including without limitation, events or circumstances incorporated by reference therein) has occurred and is continuing, the Chargee may (but shall have no obligation to), from time to time and in any order, separately or in combination, and after giving the minimum notice, if any, required by applicable law and obtaining court approval where necessary, enforce any remedy available to it at law, including without limitation, any one or more of the following remedies:

- (a) sue the Chargor for all or any part of the Indebtedness;
- (b) distrain for arrears of all or any part of the Indebtedness;
- (c) take judicial proceedings to foreclose the Chargor's and/or any other person's interest in all or any part of the Lands or any lease, to take possession of it and/or to sell, lease or otherwise deal with it;
- (d) enter on and take possession of all or any part of the Lands;
- (e) sell and/or lease all or any part of the Lands or sell the unexpired term of years demised by any lease;
- (f) assign any lease and sell the last day of the term granted by the lease and/or remove the Chargor or any other person from being a trustee of the last day of the term of any lease and appoint a new trustee or trustees in its place;
- (g) appoint in writing a receiver (which term as used herein includes a receiver and manager) of all or any part of the Lands and the rents and other income thereof and from time to time remove any receiver and appoint another in its place, or in the alternative appoint a property manager;
- (h) exercise in respect of each insurance policy, insurance trust agreement, lease, rent and benefit assigned to the Chargee the remedies exercisable by the Chargee in respect of all (or any part of the Lands); and
- (i) exercise any other rights or remedies which the Chargee may have, whether pursuant to the charge, at law, in equity, by contract or otherwise.

23. DEFAULT

- (a) Provided that the Chargee may, on default of payment or default in the performance of any covenant in this Charge contained or implied by law or statute for fifteen (15) days, on thirty-five (35) days notice enter on and lease the Lands or in default of payment or in default in performance of any covenant in this Charge contained or implied by law or statute for at least fifteen (15) days may, on at least thirty-five (35) days notice sell the Lands, if allowed by law, or take or enforce any other remedy available to it at law. Such notice shall be given to such persons and in such manner and form and within such time as required by law. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with an adult person on the Lands, if occupied, or by placing it on the Lands, if unoccupied or, at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in the newspaper published in the city,

town, municipality, county or district in which the Lands are situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person who may be affected thereby may be unknown, unascertained, or under disability. If there be legal personal representatives of the Chargor on the death of the Chargor, such notice may, at the option of the Chargee, be given in any of the above modes or by personal service upon such representatives.

- (b) Provided further, without prejudice to the statutory powers of the Chargee under the preceding proviso, that in case default be made in payment or the performance of any covenant contained in the Charge and such default continues for two (2) months, the Chargee may exercise the powers given under the preceding proviso with or without entry on the Lands without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form and within such time as so required by law. That, if allowed by law, the Chargee may sell the whole or any part of the Lands by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Lands by reason of non-payment or procuring payment of monies secured hereby or otherwise; and that the Chargee may sell the whole or any part of the Lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence of commencement of title or otherwise which it shall deem proper; and may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of the said purposes the Chargee may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any person damnified by an unauthorized, improper or irregular exercise of the power shall have his remedy against the person exercising the power in damages only.
- (c) And it is hereby agreed between the parties hereto that the Chargee may pay all premiums of insurance and all taxes and rates which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges and legal fees (between a solicitor and his own client), and expenses which may be incurred in taking, recovering and keeping possession of the Lands, and of negotiating this loan, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize this security (including legal fees, real

estate commissions, appraisal costs and other costs incurred in leasing or selling the Lands or in exercising the power of entering, leasing and selling herein contained) shall be, with interest at the rate aforesaid, a charge upon the Lands in favour of the Chargee and it is hereby agreed that the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Lands, and that any amount paid by the Chargee shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate herein, and in default this Charge shall immediately become due and payable at the option of the Chargee, and all powers in this Charge conferred shall become exercisable. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the money advanced on the security of this Charge or otherwise, the Chargee shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Chargee shall deem it proper to do so.

- (d) Provided that wherever a power of sale is hereby conferred upon the Chargee, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the persons to whom notice of exercising such power shall be given and the manner of giving such notice shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising such power of sale, and wherever there shall be a conflict between the provisions of this Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no conflict, the provisions of this Charge shall remain unchanged.
- (e) Provided that the Chargee may lease or sell as aforesaid without entering into possession of the Lands.
- (f) Provided that in default of payment of the Indebtedness, the Chargee may distrain for payment of same upon the Lands any part thereof and all chattels situated thereon and by distress warrant recover, by way of rent reserved from the Lands so much monies as shall from time to time be or remain in arrears and all costs, charges and expenses incurred by or on behalf of the Chargee with respect to or in connection therewith as in like cases of distress for rent. The Chargor waives the right to claim exceptions and agrees that the Chargee shall not be limited in the amount for which it may distrain.
- (g) Provided that in default of the payment of the interest hereby secured, the Principal Sum herein shall become payable at the option of the Chargee, together with interest thereon.
- (h) Provided that upon default of payment of instalments of the Principal Sum as same become due, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.
- (i) Provided that, until default hereunder, the Chargor shall have quiet possession of the Lands.

- (j) Provided that the Chargee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. No waiver shall be effective or binding on the Chargee unless made in writing.
- (k) And it is further agreed by and between the parties that the Chargee may at its discretion at any time release any part or parts of the Lands or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from this Charge or from any of the covenants herein contained, it being especially agreed that every part or lot into which the Lands are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no person shall have the right to require the principal secured hereunder to be apportioned; further, the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.
- (l) It is further agreed that the Chargee may exercise all remedies provided for in this Charge concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its right under any other provisions contained in this Charge.

24. RECEIVER

- (a) It is declared and agreed that at any time and from time to time when there shall be default under the provisions of this Charge, the Chargee may at such time and from time to time and with or without entering into possession of the Lands appoint in writing a receiver, or a receiver and manager, or a receiver-manager, or a trustee (the "Receiver") of the Lands, or any part thereof, and of the rents and profits thereof, if any, and with or without security and may from time to time by similar writing remove any such Receiver and appoint another in its place and stead, and in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. The Chargor hereby irrevocably agrees and consents to the appointment of such Receiver of the Chargee's choice and without limitation whether pursuant to this Charge, or any applicable legislation (as the Chargee may at its sole option require). Without limitation, the purpose of such appointment shall be the orderly management, administration and/or sale of the Lands or any part thereof and the Chargor hereby consents to a court order for the appointment of such Receiver, if the Chargee in its discretion chooses to obtain such order, and on such terms and for such purposes as the Chargee in its sole discretion may require, including, without limitation, the power to manage, charge, pledge, lease and/or sell the said Lands and/or complete or partially complete any construction thereon and to receive advances of monies pursuant to any charges, pledges and/or loans entered into by the Receiver or the Chargor, and if required by the Chargee, in

priority to any existing encumbrances affecting the Lands, including without limitation, charges and construction lien claims.

- (b) Upon the appointment of any such Receiver from time to time, the following provisions shall apply:
- (i) a statutory declaration of the Chargee or an officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;
 - (ii) every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents falling due in respect to the Lands, or any part thereof, whether in respect of any tenancies created in priority to this Charge or subsequent thereto and with respect to all responsibility and liability for its acts and omissions;
 - (iii) the Chargee may from time to time fix the remuneration of every such Receiver which shall be a charge on the Lands, and may be paid out of the income therefrom or the proceeds of sale thereof;
 - (iv) the appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee 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 Chargee a mortgagee in possession in respect of the Lands or any part thereof;
 - (v) the Receiver shall have the power to rent any portion of the Lands for such term and subject to such provisions as it may deem advisable or expedient and shall have the authority to execute any lease of the Lands or any part thereof in the name and on behalf of the Chargor and the Chargor undertakes to ratify and confirm, and hereby ratifies and confirms whatever acts such Receiver may do on the Lands;
 - (vi) in all instances, the Receiver shall be acting as the attorney or agent of the Chargor;
 - (vii) every such Receiver shall have full power to complete any unfinished construction upon the Lands or to commence any new construction upon the Lands;
 - (viii) such Receiver shall have full power to manage, operate, amend, repair, or alter the Lands or any part thereof in the name of the Chargor;
 - (ix) the Receiver shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the Lands including, without limiting the generality of the foregoing, increasing, extending, renewing or amending all charges which may be registered against the Lands from time to time, whether or not such charges are prior to the interest of the Chargee in the Lands (but without hereby deeming the Chargee to have implicitly permitted or subordinated to any such encumbrance); sale of the Lands;

borrowing money on the security of the Lands; applying for and executing all documents in any way related to any re-zoning applications, severance of Lands pursuant to the provisions of the Municipal Government Act (Alberta) or any other relevant legislation, as amended, subdivision agreements and development agreements and agreements for the supply or maintenance of utilities or services to the Lands, including grants of Lands or easements or rights of way necessary or incidental to any such agreements; executing all grants, documents, instruments and agreements related to compliance with the requirements of any competent governmental authority, whether pursuant to a written agreement or otherwise and applying for and executing all documents in any way related to registration of the Lands as a condominium; completing any application for first registration pursuant to the provisions of the Land Titles Act (Alberta) or any other relevant legislation and for all of the purposes aforesaid the Chargor does hereby give and grant unto the Receiver full and absolute power and authority to do and execute all acts, deeds, matters and things necessary to be done as aforesaid in and about the Lands, and to commence, institute and prosecute all actions, suits and other proceedings which may be necessary or expedient in and about the Lands, as fully and effectually to all intents and purposes as the Chargor could do if personally present and acting therein; and

- (x) the Receiver shall not be liable for any loss howsoever arising and the Receiver shall not be liable to the Chargor to account for monies received other than cash received by it in respect to the Lands or any part thereof and out of such cash so received, every such Receiver shall pay any and all of the following, in such order, and at such times as the Receiver may see fit:
 - (A) its remuneration;
 - (B) all payments made or incurred by it in the exercise of its powers hereunder; and
 - (C) any payment of interest, principal and other money which may from time to time be or become charged upon the Lands in priority to the monies owing hereunder and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect to the Lands or any part thereof.

The Chargor hereby irrevocably appoints the Chargee and the Receiver as its attorney to execute such consent or consents and all such documents as may be required in the sole discretion of the Receiver and the Chargee and/or their solicitors so as to give effect to the foregoing provisions and the signature of such attorney shall be valid and binding on the Chargor and all parties dealing with the Chargor, the Chargee and/or the Receiver and/or with respect to the Lands in the same manner as if such documentation was duly executed by the Chargor itself.

25. **CHARGEES RIGHT OF ACCESS AND INSPECTION**

The Chargee shall have access to and the right to inspect the Lands at all reasonable times.

26. **TAKING OF JUDGEMENT NOT A MERGER**

The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the rate and times herein provided; and, further, the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

27. **RENEWAL OR EXTENSION OF TIME**

No renewal or extension of the term of this Charge given by the Chargee to the Chargor, or anyone claiming under him, or any other dealing by the Chargee with the owner of the equity of redemption of the Lands shall in any way affect or prejudice the rights of the Chargee against the Chargor or any person liable for the payment of the monies hereby secured, and this Charge may be renewed or extended by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or Principal Sum, notwithstanding that there may be subsequent encumbrancers. It shall not be necessary to register any such agreement in order to retain priority for this Charge so altered over any instrument registered subsequent to this Charge:

- (i) provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor;
- (ii) provided further that the terms of this Charge may be amended or extended from time to time by mutual agreement between the Chargor and the Chargee and the Chargor hereby further covenants and agrees that, notwithstanding that the Chargor may have disposed of his interest in the Lands hereby secured, the Chargor and Covenantors will remain liable as principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to this Charge well and truly do, observe, fulfill and keep all and singular the covenants, provisos, conditions, agreements and stipulations in this Charge or any amendment or extension thereof, notwithstanding the giving of time for the payment of the Charge or the varying of the terms of the payment thereof or the rate of interest thereon or any other indulgence by the Chargee to the Chargor; and
- (iii) The Chargor covenants and agrees with the Chargee that no agreement for renewal hereof or for extension of the time for payment of any monies payable hereunder shall result from or be implied from any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the original term of this Charge or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no renewal hereof or extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thing, save only by express agreement in writing between the Chargor and the Chargee.

28. **BUILDING MORTGAGE**

In the event that the Charge or any other loan document expressly states that the funds committed by the Chargee to the Chargor pursuant to this loan are intended to be utilized for the purpose of securing financing of an improvement with regard to the Lands, then the Chargee may, at its option, withhold from any advances for which the Chargor may have qualified, such holdbacks as the Chargee, in its sole discretion, considers advisable to protect its position under the provisions of the Builders' Lien Act, so as to secure its priority over all liens, until the Chargee is fully satisfied that all lien periods have expired and that there are no preserved or perfected liens outstanding. Nothing in this clause shall be construed to make the Chargee an "owner", as defined under the Builders' Lien Act (Alberta), nor shall there be, or be deemed to be, any obligation by the Chargee to retain any holdback which may be required by the said legislation. Any holdback which may be required to be made by the owner or payer shall remain solely the Chargor's obligation. The Chargor hereby covenants and agrees to comply in all respects with the provisions of the Builders' Lien Act.

29. **EXPROPRIATION**

- (a) If the Lands or any part thereof shall be expropriated by any government, authority, body or corporation clothed with the powers of expropriation, the Principal Sum herein remaining unpaid shall, at the option of the Chargee, forthwith become due and payable together with interest thereon at the rate provided for in the Charge to the date of payment together with a bonus to be determined by the Chargee which shall not be limited to, but may, at the option of the Chargee, be equal to the aggregate of (a) three (3) months, interest at the said rate calculated on the amount of the Principal Sum remaining unpaid; and (b) the sum of the present value of all blended monthly instalments of principal and interest payable after the prepayment date and until the Maturity Date and the present value of the principal balance which would be payable on the Maturity Date, these present values shall be calculated using a discount rate equal to the bid-side yield listed in a Bloomberg screen at 11:00 A.M. (Toronto time) on the Business Day immediately preceding the date of prepayment, on non-callable Government of Canada bonds having an equivalent term; the "bid-side yield on non-callable Government of Canada bonds having an equivalent term" shall mean the bid-side yield to maturity, as determined by the Lender, expressed as an annual rate of interest calculated semi-annually and not in advance, on a theoretical non-callable Government of Canada bond, payable in Canadian Dollars, obtained from the interpolation between the bid-side yield of a non-callable Government of Canada bond having a maturity closest to but prior to that of the Maturity Date and of a non-callable Government of Canada bond having a maturity closest to but following the Maturity Date, exceeds the principal amount of the Loan prepaid.
- (b) The Chargor hereby assigns to the Chargee, any proceeds which may become due and payable to the Chargor 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. The Chargor is aware of the provisions of sections 49 and 52 of the Expropriation Act (Alberta), 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 Chargee the difference, if any, between all monies secured by this Charge at the date of the expropriation and the compensation paid to the Chargee by the expropriating authority plus interest at the rate provided for herein on such difference. The Chargor shall forward to the Chargee, 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 Chargee 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 Chargor 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. If any or all of the Lands is expropriated, it is agreed that the proceeds from any such expropriation shall be paid directly to the Chargee in priority to the claims of any other party. Service of a copy of this Charge on the expropriating authority shall be sufficient authority for the expropriating authority to deliver proceeds to the Chargee, in accordance with the terms of the assignment contained herein.

30. **PRE-AUTHORIZED CHEQUE PLAN**

Provided that all payments made under this Charge by the Chargor shall be made by pre-authorized cheque payment plan as approved by the Chargee or at the Chargee's option by post-dated cheques which shall be provided annually for the next ensuing twelve (12) payments and thereafter on each anniversary date thereon in each year for the duration of the term of this Charge. The Chargee shall not be obligated to accept any payment excepting payment made by pre-authorized cheque or post-dated cheque. Failure to make all payments in the manner required by the Chargee shall be an action of default and the Chargee shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option.

31. **PAYMENTS**

- (a) All payments of principal, interest and other monies payable hereunder to the Chargee shall be payable at par in lawful money of Canada at such place as the Chargee shall designate in writing from time to time. In the event that any of the monies secured by this Charge are forwarded to the Chargee by mail or any other means of delivery (but without in any way implying consent by the Chargee to such method of payment in lieu of the pre-authorized cheques or post-dated cheques contemplated by the Pre-Authorized Cheque Plan clause herein), payment will not be deemed to have been made until the Chargee has actually received such monies and the Chargor shall assume and be responsible for all risk of loss or delay.
- (b) Any payment received after 1:00 p.m. on any date shall be deemed, for the purpose of calculation of interest, to have been made and received on the next bank business day and the Chargee shall be entitled to interest on the amount due to it and including the date on which the payment is deemed by this provision to have been received.

32. **NO DEEMED RE-INVESTMENT**

The parties hereto agree that the Chargee shall not be deemed to re-invest any monthly or other payments received by it hereunder excepting only blended monthly payments, if applicable.

33. **ABANDONMENT**

In the event that any buildings now or hereafter in the course of erection on the Lands remain unfinished and without any work being done on them for a period of ten (10) consecutive days, the Chargee may enter in and upon the Lands and do all work necessary to protect the same from deterioration and to complete the buildings so remaining unfinished in such manner as the Chargee may see fit. It is hereby agreed that any monies expended by the Chargee pursuant to this provision shall be immediately due and payable, shall be added to the Principal Sum of this Charge and shall be a charge upon the Lands and shall bear interest at the same rate as the other monies secured by this Charge and in default of payment, at the sole option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity, may be exercised.

34. **DISCHARGE**

The Chargee shall have a reasonable period of time after payment in full of the monies hereby secured within which to prepare and execute a discharge of this Charge; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee; and, if allowed by law, all legal and other expenses for the preparation and execution of such discharge shall, together with the Chargee's fee, if allowed by law, for providing same, be borne by the Chargor. The discharge shall be prepared and executed by such persons as are specifically authorized by the Chargee and the Chargee shall not be obligated to execute any discharge other than a discharge which has been so authorized.

35. **DISHONOURED CHEQUES**

In the event that any of the Chargor's cheques is not honoured when presented for payment to the drawee, the Chargor shall pay to the Chargee for each such returned cheque a servicing fee to cover the Chargee's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further servicing fee for each written request therefor which may be necessitated by the Chargor not forthwith replacing such dishonoured cheque.

36. **SERVICING FEES**

All servicing fees as herein provided are intended to compensate the Chargee for the Chargee's administrative costs and shall not be deemed a penalty. The amount of such servicing fees, if not paid, shall be added to the Principal Sum secured hereunder and shall bear interest at the rate provided in the Charge and the Chargee shall have the same rights with respect to the collection of same as it does with respect to the collection of principal and interest hereunder or at law. Servicing fees or charges owing to or collected by any servicer selected by the Chargee shall be treated in the same manner as if paid to the Chargee itself.

37. **NON-MERGER**

Notwithstanding the registration of this Charge and the advance of funds pursuant hereto the terms and/or conditions of the letter of commitment issued by the Chargee pertaining

to the loan transaction evidenced by this Charge (the "Commitment Letter") shall remain binding and effective on the parties hereto, and shall not merge in this Charge nor in any document executed and/or delivered on the closing of this transaction, and the terms thereof are incorporated herein by reference. In the event of any inconsistency between the terms of the Commitment Letter and this Charge, the Chargee shall determine in its sole discretion which provisions shall prevail.

38. CONSENT OF CHARGE

Wherever the Chargor is required by this Charge to obtain the consent or approval of the Chargee, it is agreed that subject to any other specific provision contained in this Charge to the contrary, the Chargee may give or withhold its consent or approval for any reason that it may see fit in its sole and absolute discretion and the Chargee shall not be liable to the Chargor in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs of obtaining such approval shall be for the account of the Chargor.

39. REMEDIES CUMULATIVE

This Charge is in addition to and not in substitution for any other security held by the Chargee for all or any of the monies secured hereunder. The Chargee may follow its remedies thereunder, hereunder and under any security evidencing the amount advanced under this Charge, concurrently or successively, at its option.

40. NO RELEASE

Provided that no sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the amounts secured by the Charge.

41. NO PREPAYMENT OR PARTIAL DISCHARGE

Unless expressly stipulated otherwise in the Charge, there is no prepayment privilege in respect of the Principal Sum secured by the Charge. In the event that the Chargee accepts any prepayment of the Principal Sum, the Chargee shall not be obligated to provide any partial discharge of the Charge or any other security so long as any part of the Indebtedness is outstanding.

42. COSTS OF RENEWAL

The Chargor will pay the costs, charges and expenses of and incidental to the taking, preparation, execution, registration of this Charge and other instruments connected herewith, and of every renewal thereof.

43. RESIDENCY

The Chargor represents and warrants that it is not a non-resident of Canada within the meaning of Section 116 of the Income Tax Act (Canada), as amended, and agrees that it shall take all steps necessary to ensure that it retains such status of not a non-resident of Canada within the meaning of Section 116 of the Income Tax Act (Canada), as amended, until this Charge is fully paid or otherwise satisfied. The Chargor agrees that the Chargee may rely on this representation, warranty and covenant in order to give assurances to any purchaser under power of sale, if applicable, as to the residency of the Chargor.

44. **PROPERTY MANAGER**

- (a) As an alternative to the appointment of a receiver provided in these Standard Mortgage Terms, the parties agree that the Chargee shall be entitled at any time and from time to time to appoint in writing a property manager (the "Property Manager") and representative of the Chargee for the purposes of management, leasing and operation for the Chargee's account of the Lands.
- (b) Upon the appointment of the Property Manager, the following provisions shall apply:
 - (i) a statutory declaration of the Chargee or a representative of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;
 - (ii) the Chargee may from time to time fix the remuneration of the Property Manager which shall be a charge on the Lands and may be paid, together with interest thereon, out of the income from the Lands or the proceeds of sale thereof;
 - (iii) the Property Manager shall have full power to do all acts and execute all documents which may be considered necessary or advisable in order to protect the Chargee's interest in the Lands; and
 - (iv) the Chargor acknowledges and agrees that the appointment of the Property Manager shall not constitute the Chargee a mortgagee in possession.
- (c) In the event that the Chargee chooses not to appoint a Property Manager as aforesaid and nonetheless attends to the management, leasing and operation of the Lands for its own account, the Chargee shall be entitled to a management fee equal to no less than 4% of the gross receipts for the Lands and shall also be entitled to a commission for all leases entered into at a rate to be established by the Chargee in its discretion and the management fee and commission shall be added to the Principal Sum secured hereunder and bear interest at the rate provided for herein.

45. **ASSIGNMENT OF RENTS**

- (a) Provided further that the Chargor hereby assigns and transfers unto the Chargee, its successors and assigns as security for the principal and interest and all other amounts secured by said Charge, all rents and other monies (herein called the "rents") which now are or which may at any time hereafter become due or owing under or by virtue of any lease or licence whether written or verbal, or any letting of, or of any agreement for the use and occupancy of the whole or any portion of the Lands or premises which may have been heretofore or may be hereinafter made or agreed to by the Chargor, it being the intention of the parties to establish an absolute assignment of all such rents under such leases, licences and agreements and the Chargor hereby authorizes the Chargee to collect, sue for, recover, receive, and give receipts for the rents and to enforce payment thereof in the name of the Chargor and, where applicable, his heirs, executors, administrators, successors and assigns.

- (b) The Chargor further covenants and agrees that: (a) it has not and will not do any act or omission having the effect of terminating, cancelling, or accepting surrender of any existing or future lease or licence or of waiving, releasing, reducing or abating any rights or remedies of the Chargor or obligations of any other party thereunder or in connection therewith without the written consent of the Chargee; (b) none of such rights, remedies and obligations are or will be affected by any other agreement, document or understanding, or by any reduction, abatement, defence, set-off or counterclaim; (c) none of the leases or licences or the Chargor's rights thereunder, including the right to receive the rents, has been or will be amended, assigned, encumbered, discounted or anticipated; (d) none of the rents has been or will be paid in advance (save for the first and last month's rent due under a lease and save as expressly permitted in the Charge or any other loan document) and none of the remainder of the rents has been or will be paid prior to the due date for payment thereof; (e) there has been no default under any of the leases or licences by any of the parties thereto and there is no outstanding dispute under any of the leases or licences between the Chargor and any other party thereto; (f) the Chargor will observe and perform all of its obligations under each of the leases or licences and the Chargee shall not be liable or accountable for any failure to collect, recover, distrain for, or receive the rents or any part of them or for the performance of any of the obligations or conditions under or in respect of the leases or licences or any of them to be observed and performed by the Chargor and the Chargee shall not by virtue of this assignment be deemed a mortgagee in possession of the Lands and the Chargee shall not be under any obligation to take any action or exercise any remedies in the collection or recovery of the rents or any of them or to see to or enforce the performance of the obligations and liabilities of any person under or in respect of the leases or licences or any of them, and the Chargee shall be liable to account only for such monies as shall actually come into its hands, less proper collection charges, and such monies may be applied on account of any indebtedness of the Chargor to the Chargee; (g) all rents collected or received by the Chargor in respect of the Lands shall be received as trustee for the Chargee and shall be paid over to the Chargee; and (h) any waiver by any party hereto of any breach of any of the covenants or provisions contained herein, whether expressed or implied or negative or positive in form or any failure to enforce any of its rights contained herein shall extend only to the particular breach so waived or particular failure and shall not limit or affect the rights of any party hereto with respect to any other or future breach.
- (c) The Chargor further covenants and agrees to execute and deliver at the request of the Chargee, all such further assurances and assignments with respect to such existing or future rents, leases and licences as the Chargee shall from time to time require and shall do all other acts with respect to such rent, leases and licences as requested by the Chargee within five (5) days from receipt of request and at no expense to the Chargee.
- (d) The Chargor covenants and agrees that all leases, licences, offers to lease and agreements to lease shall be bona fide and shall be at rates, on terms and conditions and to tenants which are not less favourable or desirable to the Chargor than those which a prudent landlord would expect to receive for the premises to be leased or licensed and provided further that the Chargor shall obtain the approval of the Chargee (such approval shall only be as between the

Chargor and Chargee and no tenant shall be entitled to rely thereon in any way for any reason and such approval shall in no way constitute consent to or adoption of the lease or otherwise give the lease priority over or render it binding on the Chargee) prior to the execution of any lease, licence or offer or agreement to lease provided that the Chargor shall not accept any prepaid rents from any tenant with the exception of first and last month's rent (save for any permitted leasing or prepayment of rents provided for in the Charge or any other loan document).

46. COSTS AND EXPENSES

The Chargor covenants and agrees that it will immediately pay to the Chargee all amounts the Chargee is permitted to pay under the Charge or at law and all costs, expenses and damages of, relating to or resulting from inspecting, protecting, repairing, completing, insuring, taking and keeping possession of and managing all or any part of the Lands, preparing it for sale or lease, selling or leasing it, renewing any leasehold interest, collecting any part of the Indebtedness, the exercise of any of the rights of a Receiver appointed pursuant to the Charge, such Receiver's fees and expenses, agents' costs and expenses, legal fees and expenses on a solicitor and his own client basis, the use, occupation or operation of the Lands, the breach of any of the Chargor's representations, warranties or agreements herein, and any other costs and expenses of exercising or protecting the Chargee's rights (hereunder or otherwise) or all or any part of the Lands. Without limiting the Chargee's right to interest provided for herein, it is expressly agreed that the Chargor shall pay interest at the interest rate provided for herein on such amounts, costs and expenses (and on all other costs and expenses payable by the Chargor pursuant to this Charge) from the date they are paid by the Chargee until they have been repaid by the Chargor, which interest shall be paid, calculated and compounded as provided for herein.

In this Charge the word "cost" shall be extended to and include legal costs incurred by the Chargee on a solicitor and his own client basis.

The "cost" shall include, as set out in the Servicing Fees paragraph above, any costs, expenses and charges incurred by the servicer of the charge and loan account, as selected the Chargee.

47. NOTICE

Whenever a party to this Charge desires to give any notice to another, it shall be sufficient for all purposes if such notice is personally delivered or sent by registered or certified mail, postage prepaid, addressed to the intended recipient at the address noted on the Charge document to which these Standard Mortgage Terms form a part or such other address communicated in writing by the addressee in a written notice to the sender.

48. CHARGEES FEES

- (a) Without limiting the generality of any of the foregoing provisions, it is understood and agreed that the Chargor shall pay to the Chargee the then current fee of the Chargee or its selected servicer for the following matters:
 - (i) providing and preparing mortgage statements, if allowed by law;
 - (ii) amending its records to reflect the assumption of this Charge;

- (iii) endeavouring to collect any money overdue under this Charge, including without limiting the generality of the foregoing, an allowance for time and service of any employee of the Chargee or other person appointed for such purpose;
 - (iv) executing any cessation or discharge of this Charge, if allowed by law, notwithstanding that said cessation or discharge may have been prepared by the Chargor;
 - (v) entering into an agreement to amend the interest rate or any other provision in the Charge;
 - (vi) entering into an agreement to extend the maturity date of this Charge;
 - (vii) handling any dishonoured cheque;
 - (viii) placing insurance on the Lands and on the buildings thereon and administering the proceeds of insurance paid, including supervision of repair or reconstruction as a result of an insurance claim;
 - (ix) preparing an amortization schedule showing the principal and interest components of payments due under this Charge;
 - (x) such other administrative matters as the Chargee may perform with regard to the Charge or with regard to any collateral security; and
 - (xi) the fee charged by the Chargee's insurance consultant to review the Chargor's policy of insurance for the Lands, including business interruption insurance if required by the Chargee.
- (b) The charges contained in this clause shall be forthwith payable to the Chargee and shall become part of the debt secured hereby and shall bear interest at the rate of interest expressed in this Charge.

49. **CONTINUING SECURITY**

The Charge shall, whether or not it secures a current or running account, be a general and continuing security to the Chargee for payment of the Indebtedness and performance of the Chargor's other obligations under the Charge notwithstanding any change or fluctuation in the amount, nature or form of the Indebtedness or in the accounts relating thereto or in the bills of exchange, promissory notes and/or other obligations now or later held by the Chargee representing all or part of the Indebtedness or in the names of the parties to such bills, notes and/or other obligations or that there is no Indebtedness outstanding at any particular time; and the Charge will not be deemed to have been redeemed or become void as a result of any such event or circumstance.

50. **DELAY, RELEASES, PARTIAL DISCHARGES, WAIVERS AND AMENDMENTS**

The Chargee may release others from any liability to pay all or any part of the Indebtedness without releasing the Chargor. The Chargee may release its interest under the Charge in all or any part of the Lands or any lease (or any other collateral) whether or not the Chargee receives any value and shall be accountable to the Chargor only for monies which the Chargee actually receives. If the Chargee releases its interest in part of the Lands or any lease, the remainder of the Lands and each other lease shall continue to secure the Indebtedness and

the Chargor's obligations under the Charge will continue unchanged. The Chargee may grant extensions of time or other indulgences, take and give up securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Chargor and other persons (including, without limitation, any person to whom all or any part of the Lands is transferred) and with any securities as the Chargee may see fit without affecting any of the Chargee's rights or remedies (herein or otherwise) or the Chargor's liability under the Charge (including without limitation, the Chargor's liability to pay the Indebtedness). The Chargee may delay enforcing any of its rights under the Charge or any other document under the Charge or any such document without affecting the Chargee's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver shall be effective unless made in writing and signed by an officer of the Chargee. No sale or other dealing with all or any part of the Lands or any lease, and no amendment of the Charge or any other security, agreement or other instrument relating to the Indebtedness, will in any way affect the obligation of the Chargor or any other person to pay the Indebtedness.

51. MAINTENANCE AND INSPECTION

- (a) If any part of the Lands is farm land, the Chargor covenants and agrees to in each year notify the Chargee of the use of the Lands as a farm and either put into crop or summer fallow in a proper manner every part thereof which has been or may in the future be brought under cultivation. The Chargor shall also keep such Lands clean and free from all noxious weeds and generally see that it does not depreciate in any way as farm land.
- (b) Any entry which may be made by the Chargee pursuant to any provision of the Charge may be made by any of the Chargee's agents, employees and/or contractors and shall not constitute the Chargee a mortgagee in possession.

52. IMPROVEMENTS

- (a) In these Standard Mortgage Terms, the term "Improvement" means any alteration, addition or repair to, and any construction, erection, remodelling, rebuilding or installation on or of, any part of the Lands and the demolition or removal of any building or part of any building on the Lands.
- (b) The Chargor covenants and agrees that no Improvement to or on the Lands will be commenced or made by the Chargor or any other person unless the Chargor first provides a copy of all proposed plans, blueprints, contracts and specifications to the Chargee and obtains the Chargee's written consent thereto. The Improvement shall form part of the Lands.

53. FURTHER ENCUMBRANCE, PERMITTED SALE AND YIELD MAINTENANCE

- (a) In the event of a further encumbrance or a sale, conveyance or transfer of the Lands or any portion thereof, or a change in control of the Chargor, or a change in the beneficial ownership of the Lands or any portion thereof, or a lease of the whole of the Lands, all sums secured hereunder shall, at the Chargee's option, become due and payable forthwith unless the written consent of the Chargee has been first obtained. The rights of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under the Charge from the Chargor or any person claiming through or under him and the rights of the Chargee hereunder shall continue without diminution for any reason

whatsoever until such time as the Chargee has consented in writing as required by this provision.

- (b) Provided that no permitted sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.
- (c) A "Yield Maintenance Fee", being compensation for the loss on the return of funds allocated to the principal amount of the Loan being prepaid, shall be the greatest of the two following amounts between (i), and (ii) hereafter:

- (i) An amount equal to the amount by which:

The sum of the present value of all blended monthly instalments of principal and interest payable after the prepayment date and until the Maturity Date and the present value of the principal balance which would be payable on the Maturity Date, these present values shall be calculated using a discount rate equal to the bid-side yield listed in a Bloomberg screen at 11:00 A.M. (Toronto time) on the Business Day immediately preceding the date of prepayment, on non-callable Government of Canada bonds having an equivalent term; the "bid-side yield on non-callable Government of Canada bonds having an equivalent term" shall mean the bid-side yield to maturity, as determined by the Lender, expressed as an annual rate of interest calculated semi-annually and not in advance, on a theoretical non-callable Government of Canada bond, payable in Canadian Dollars, obtained from the interpolation between the bid-side yield of a non-callable Government of Canada bond having a maturity closest to but prior to that of the Maturity Date and of a non-callable Government of Canada bond having a maturity closest to but following the Maturity Date,

Exceeds the principal amount of the Loan prepaid; and

- (ii) An amount equal to interest under the Loan in respect of a three month period calculated at the Interest Rate on the principal amount prepaid.

If, by operation of law or by acceleration of the Loan by the Chargee or for any reason whatsoever, the Chargor shall become entitled or obligated prior to the Maturity Date, to prepay and does prepay the Loan or any part thereof, the Chargor shall also pay to the Chargee, in addition to all other amounts owing hereunder, the Yield Maintenance Fee described above.

54. **REORGANIZATION PROCEEDINGS**

The Chargor represents and warrants that the Lands are of such a unique nature that, in the event the Chargor sought to reorganize its affairs under any of the laws of Canada (or any province) which provides the ability of a debtor to reorganize its affairs with its creditors (including, without limitation, under the Companies' Creditors Arrangement Act (Canada), as amended, (the "CCAA"), the Bankruptcy and Insolvency Act (Canada), as amended, (the "BIA") or any other statute), the Chargee would not have a sufficient commonality of interests with any other creditor of the Chargor such that the Chargee would be required to vote on any reorganization, arrangement, compromise or other transaction in a class with any other creditors

of the Chargor and, in that regard, covenants and agrees that the Chargee will be treated in its own exclusive class of creditors for such purpose. Without limiting the generality of the foregoing, the Chargor covenants and agrees that:

- (i) it will give the Chargee not less than ten (10) days, written notice prior to the commencement of any proceedings under any of the CCAA, the BIA or any other similar or analogous legislation (such proceedings being referred to as "Reorganization Proceedings");
- (ii) in no circumstances will the Chargor seek, suffer or permit the right of the Chargee to be stayed or otherwise affected in any Reorganization Proceedings; and
- (iii) in the event that Reorganization Proceedings are commenced, the Chargor will consent to an order directing that all rents or other revenues generated or received in respect of the Lands will forthwith be deposited into a segregated trust account under the sole control of the Chargee and that same shall not constitute the Chargee to be a mortgagee in possession of or in control or management of the Lands or result in an acceleration of amounts secured hereunder unless so designated by the Chargee.

55. INVALIDITY

If any of the covenants or conditions in this Charge inclusive of all schedules forming a part hereof shall be void for any reason, it shall be severed from the remainder of the provisions hereof and the remaining provisions shall remain in full force and effect notwithstanding such severance.

56. BENEFICIAL OWNERSHIP

The Chargor warrants that the Chargor is the registered and beneficial owner of the Lands. The Chargor expressly waives any right of prepayment which he may have or may hereafter have pursuant to Section 10 of the Interest Act (Canada), as amended, and/or similar federal or provincial legislation.

57. ADJACENT LANDS

Any lands adjacent to the Lands owned by the Chargor are hereby charged to the Chargee and the Chargor hereby authorizes the Chargee to register this Charge against all such adjacent lands. No such adjacent lands shall be acquired by the Chargor without the Chargee registering this Charge on the title thereto in equivalent priority to the priority of the Charge on the Lands.

58. BINDING EFFECT

Provided and it is hereby agreed that in construing this Charge, everything herein contained shall extend to and bind and may be enforced or applied by the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every one of the parties hereto, and where there is more than one Chargor or Chargee or more than one Covenantor, or there is a female party or a corporation or there is one Covenantor or no Covenantor, the provisions hereof shall be read with all grammatical changes thereby rendered necessary, and all covenants shall be deemed to be joint and several.

59. **PAYMENT ON DEFAULT**

Upon default of payment of any of the Principal Sum secured and payable hereunder, or in the event prepayment of any part of the principal monies is made prior to the Maturity Date whether by reason of payment after acceleration upon the occurrence of any event of default, or otherwise (unless otherwise permitted herein), the Chargee shall be entitled to require payment, in addition to all monies hereby secured or payable hereunder, of a bonus equal to the greater of three (3) months' interest in advance at the rate aforesaid upon the Principal Sum hereby secured or at the Chargee's sole option, the Yield Maintenance Fee. Nothing herein shall permit prepayment unless specifically set out in this Charge or specifically set out in writing by the Chargee.

60. **PROHIBITED ACTIVITIES**

The Chargor shall not permit or accept any prepayment of rents or variation or cancellation or surrender of any lease of the Lands or any part thereof or of the terms, covenants, provisions and conditions of such lease without the prior consent in writing of the Chargee (save for any such permitted activity as set out in the Charge or any other loan document), provided that nothing herein contained shall prevent the Chargor from accepting in advance a payment equal to the rent for the first and last months of such lease and regular monthly payments as they fall due in accordance with the terms of any such lease.

61. **COVENANTS WITH RESPECT TO INDEBTEDNESS; OPERATIONS AND FUNDAMENTAL CHANGES OF CHARGOR**

The Chargor represents, warrants and covenants as of the date hereof and until such time as the Indebtedness secured hereby is paid in full, that the Chargor:

- (a) does not own and will not own any encumbered asset other than (i) the Lands, and (ii) incidental personal property necessary for the operation of the Lands;
- (b) is not engaged and will not engage in any business other than the ownership, management and operation of the Lands;
- (c) will not enter into any contract or agreement with any general partner, principal, member or affiliate of the Chargor or any affiliate of any such general partner, principal, or member of the Chargor, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arm's-length basis with third parties other than an affiliate;
- (d) has not incurred and will not incur any debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than (i) the Indebtedness, and (ii) trade payables or accrued expenses incurred in the ordinary course of business of operating the Lands; no debt whatsoever may be secured (senior, subordinate or *pari passu*) by the Chargor and/or the Lands;
- (e) has not made and will not make any loans or advances to any third party (including any general partner, principal, member or affiliate of the Chargor, or any Guarantor);
- (f) is and will be solvent and pay its debts from its assets as the same shall become due;

- (g) has done or caused to be done and will do all things necessary to preserve its existence and corporate, limited liability company and partnership formalities (as applicable), and will not, nor will any partner, limited or general, or member or shareholder thereof, amend, modify or otherwise change its partnership certificate, partnership agreement, certificate or articles of incorporation or organization, or by-laws or operating agreement or regulations, in a manner which adversely affects the Chargor's or any such partner's, member's or shareholder's existence as a single-purpose, single-asset "bankruptcy remote" entity;
- (h) will conduct and operate its business as presently conducted and operated;
- (i) will maintain books and records and bank accounts separate from those of its affiliates, including its general partners, principals and members;
- (j) will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any general partner, principal, member or affiliate);
- (k) will file its own tax returns;
- (l) will maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations;
- (m) will not, nor will any shareholder, partner, member or affiliate, seek the dissolution or winding up, in whole or in part, of the Chargor;
- (n) will not enter into any transaction of merger or consolidation, or acquire by purchase or otherwise all or substantially all of the business or assets of, or any stock or beneficial ownership of any entity;
- (o) will not commingle the funds and other assets of the Chargor with those of any general partner, principal, member or affiliate, or any other person;
- (p) has and will maintain its assets in such a manner that it is not costly or difficult to segregate, ascertain or identify its individual assets from those of any affiliate or any other person;
- (q) has, and any general partner or operating member of the Chargor has, at all times since its formation, observed all legal and customary formalities regarding its formation and will continue to observe all legal and customary formalities;
- (r) does not and will not hold itself out to be responsible for the debts or obligations of any other person; and
- (s) has not caused and shall not cause, the board of directors of the Chargor or any general partner of the Chargor to take any action which, under the terms of any certificate or articles of incorporation, by-laws or any voting trust agreement with respect to the Chargor's or any general partner's common stock, requires the unanimous affirmative vote of one hundred percent (100%) of the members of the board of directors, unless at the time of such action there shall be at least one member who is an Independent Director.

62. INTEREST ACT

It is expressly declared that the Charge is not intended to violate any provisions of the Interest Act (Canada) (the "Interest Act") or any act substituted therefor, the Criminal Code (Canada) or any act substituted therefor, or any other statute dealing with permitted rates of interest in the Province of Alberta or in Canada. Notwithstanding any provisions set out herein, in no event shall the "interest" (as that term is defined in the said Criminal Code, as amended, replaced or re-enacted from time to time) exceed the "criminal rate" (as defined therein) of interest on the "credit advanced" (as defined therein) lawfully permitted under the said legislation, and in the event that it is determined at any time, that by virtue of the Charge or any other document given as security for the loan, the payments of interest required to be made by the Chargor exceed the "criminal rate", then the Chargor shall only be required to pay interest at the highest rate permitted by law. Nothing herein shall invalidate any requirements for payment pursuant to the Charge, and any excess interest paid to the Chargee shall be refunded to the Chargor and the provisions of the Charge shall in all respects be deemed to be amended accordingly.

63. INDEPENDENT LEGAL ADVICE

The Chargor acknowledges that he has full knowledge of the purpose and essence of this transaction and that, if required, they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agree to provide to the Chargee a certificate of independent legal advice as and when same may be required regarding their knowledge and understanding of this transaction.

64. FINANCIAL REPORTING

- (a) The Chargor covenants and agrees to maintain proper records and books of account with respect to the revenues of and expenditures arising from or out of the Lands and shall permit the Chargee or any person appointed by the Chargee for that purpose to examine such books at all reasonable times and to make copies of extracts therefrom and shall give the Chargee all information with regard to the incomings and outgoings of the Lands which the Chargee may request. The Chargor shall, not more often than once each year upon receiving seven (7) days, notice from the Chargee, sign and transmit to the Chargee a just and true statement of such revenues and expenditures or other information which the Chargee may request with regard to the Lands and, if requested, verify the same by statutory declaration of an officer of the Chargor.
- (b) The Chargor covenants that, within one hundred ten (110) days after the end of each fiscal year of operation of the Lands or of the relevant party, as the case may be, or within such other period of time as may be required by the Chargee, acting reasonably, the Chargor shall deliver or cause to be delivered to the Chargee the following:
 - (i) confirmation of payment of taxes for the preceding year, evidence of insurance coverage as required by the Chargee and proof of payment of premiums in respect thereof;
 - (ii) a current rent roll in form satisfactory to the Chargee, and an annual operating statement in respect of the Lands setting forth the gross rents and other income derived from the Lands, the cost and expenses of

operation and maintenance of the Lands and such other information and explanations in respect of the same as may be required by the Chargee for the immediately preceding fiscal period;

- (iii) with respect to each Chargor and Covenantor which is a corporation, the annual financial statements of each such corporation including, without limitation, the balance sheet of the corporation as at its immediately preceding completed fiscal year end with comparative figures for prior years, statements of earnings, retained earnings and changes in financial position as at the said fiscal year end with comparative figures for prior fiscal years, any supporting schedules and notes thereto and such other information and explanations as may be required by the Chargee; and
 - (iv) with respect to each Chargor and Covenantor who is an individual, an annual updated net worth statement of each such individual in such form and including such content and other information and explanations as may be required by the Chargee.
- (c) All such operating and financial statements shall be prepared at the expense of the Chargor and in accordance with generally accepted accounting principles applied on a consistent basis by a duly qualified chartered accountant or certified public accountant which is acceptable to the Chargee, and shall be submitted in audited form if so required by the Chargee at its option, and the completeness and correctness of such statements shall be supported by an affidavit of an authorized officer of the Chargor or Covenantor, as the case may be.

65. NON-RECOURSE

Subject to any provisions of the Commitment Letter to the contrary, and subject to the Indemnity clause of these Standard Mortgage Terms, there shall be recourse by the Chargee solely to the Lands for the performance or satisfaction of any obligations or liabilities of the Chargor, except that nothing in this Charge or the other documents, security, agreements, instruments, guarantees, indemnities, security agreements, certificates, undertakings and opinions now or hereafter given or entered into as evidence of or as security for the obligations of Chargor and Guarantor as set out in the Commitment Letter made between the parties ("Loan Documents") shall (a) constitute a waiver of or otherwise restrict, limit or affect any of the liabilities or obligations of the Chargor created or secured by the Loan Documents or existing at law or in equity in respect of the loan advanced by the Chargee to the Chargor in the Principal Sum in accordance with this Charge (the "Loan"), so long as no monetary judgments shall be enforced against the property or assets of the Chargor, other than the Lands, (b) limit the right to name the Chargor as a party in any action, proceeding or remedy available under the Loan Documents or otherwise at law or in equity, so long as no monetary judgment shall be enforced against the property or assets of the Chargor, other than the Lands, (c) release, reduce or impair the validity or enforceability of any of the Charge or other Loan Documents, (d) prevent or restrict any remedy available under any of the Loan Documents or otherwise at law or in equity, including the appointment of a receiver, as long as no monetary judgment shall be enforced against the property or assets of the Chargor, other than the Lands, or (e) limit or restrict any right or recourse against the Chargor or any Guarantor(s), so long as no monetary judgment shall be enforced against the property or assets of the Chargor, other than the Lands.

66. INDEMNITY

The Chargor of the Lands shall indemnify and save harmless the Chargee from and against all losses, costs, amounts, claims, suits, demands and expenses whatsoever (including, without limitation, legal costs on a solicitor and his own client basis) arising from or relating, directly or indirectly, to: (a) any misappropriation of rents, proceeds of insurance policies or expropriation awards relating to the Lands or not applying such funds in accordance with the Loan Documents; (b) the Chargor breaching any of the provisions of the Loan Documents relating to collection and remittance of Taxes, environmental matters and Transfers, as set out in the Loan Documents; (c) any committing or permitting of waste or damage to the Lands as a result of its intentional misconduct, wilful neglect or gross negligence, or any removal of any part of the improvements from the Lands, other than in the ordinary course of business of the Chargor; (d) any fraud or material misrepresentation committed by the Chargor in connection with the application for the Loan; and (e) any claim being made or asserted by any person that any amount credited to the Chargor by the Chargee on account of advance of the Loan and directed by the Chargor to be deposited into any escrow account established pursuant to the Charge, or to be paid on account of any Costs, either (i) has not been fully advanced as of the date of such advance and/or does not bear interest at the Interest Rate from and after the date of advance thereof by the Chargee, or (ii) is not fully secured by the Loan Documents in priority to all liens, other than Permitted Encumbrances, if any.

67. APPLICATION OF PAYMENTS

The instalments payable under the Charge are to be applied firstly to life or life and disability insurance premiums payable by the Chargor in respect of the Charge, if any, secondly to bring into good standing any amounts paid by the Chargee to any third party pursuant to this Charge, including tax accounts, if any, thirdly to interest at the rate provided for in the Charge on the outstanding Principal Sum, and unless the Charge is indicated to be payable with instalments of interest only until the end of the Term, the balance of the instalments shall be applied on account of the outstanding Principal Sum. If the Chargor has defaulted under the Charge, then the Chargee may apply any payments received during the period of any default in whatever order it may elect as between the outstanding Principal Sum, interest, taxes, repairs, insurance premiums or any other amounts payable by the Chargor under the Charge.

68. INFORMATION

The Chargor hereby acknowledges and agrees that the Chargee may collect, use and maintain the personal information contained in this Charge and as may be contained in any mortgage application and supporting material provided therewith, and in any credit reports about the Chargor and the subject Charge (the "Credit Material"), for the purposes of ongoing credit review while monies remain owing under the Charge, and the provision of Credit Material to any transferee of the Charge or to any credit rating agency or to any party involved with the securitization of this Charge and ancillary security. The Chargor further agrees that the Chargee may disclose the Credit Material to any transferee of the Charge or to any credit rating agency or to any party involved with the securitization of this Charge and ancillary security. This consent shall enure to the benefit of any transferee of this Charge in due course. This consent shall be the Chargee's and any transferee's good and sufficient authority for its collection, use, maintenance and disclosure of the Chargor's Credit Material as set out above. The Chargor represents that all personal information provided to the Chargee is accurate and correct in all material respects. Any updates or corrections to the Chargor's Credit Material and any questions or issues regarding the collection, use, maintenance or disclosure of the Chargor's Credit Material must be made in writing addressed to the Chargee at the address given for the

Chargee or transferee on the registered documents herein, or to such other address and contact as the Chargee or transferee may advise.

69. **CONDOMINIUM CLAUSES**

- (a) The Chargor and Chargee covenant and agree that in the event that the security for the within Charge shall be a condominium unit, the following provisions shall apply:
 - (i) the Chargor does hereby assign to the Chargee all of its rights to vote or consent in the affairs of the Condominium Corporation having jurisdiction over the Lands and the Chargee may, at its option, exercise the right of an owner of a condominium unit to vote or consent in the affairs of the Condominium Corporation in the place and stead of such owner, without in any way consulting the owner as to the manner in which the vote shall be exercised or not exercised, and without incurring any liability to the owner or anyone else because of the manner in which such vote or right to consent in the affairs of the Condominium Corporation was exercised;
 - (ii) the Chargor shall pay promptly, when due, any common expenses, assessments, instalments, or payments due to the Condominium Corporation;
 - (iii) the Chargor shall observe and perform the covenants and provisions required to be observed and performed under or pursuant to the provisions of the Condominium Property Act (Alberta), all amendments thereto, and any legislation passed in substitution thereof, and the by-laws, rules and regulations of the Condominium Corporation and any amendments thereto;
 - (iv) where the Chargor defaults in the Chargor's obligation to contribute or pay any assessment, contribution, fine or levy assessed or levied by the Condominium Corporation, or any authorized agent on its behalf, or upon breach of any of the foregoing covenants or provisions in this clause contained, regardless of any other action or proceeding taken, or to be taken by the Condominium Corporation, the Chargee, at its option and without notice to the Chargor, may deem such default to be a default under the terms of this Charge and proceed to exercise its rights therein and the Chargee shall be entitled at its option to pay all assessments, contributions, fines or levies as they come due and these amounts so paid together with legal fees shall form part of the Indebtedness;
 - (v) the Chargor does hereby irrevocably assign unto the Chargee any lease or rights to occupy any parking space or spaces demised to or reserved or designated for exclusive use by the Chargor and any lease or rights to exclusive use of any common property or special privileges in respect thereof granted to the Chargor; and
 - (vi) in the event this Charge is a blanket charge against more than one of the condominium units, it may not be discharged in part or in whole during the term of the Charge. In particular the Chargor or its successors may not obtain a discharge of this Charge against any particular unit by payment of a pro-rata share of the Charge or by any other means whatsoever.

The Chargor agrees not to sell or transfer condominium units while the blanket Charge is registered and any such transaction shall be deemed a breach of covenant unless and until the Chargee has consented thereto. The prohibition does not apply if there is a specific partial prepayment clause contained elsewhere herein.

70. INTERPRETATION

- (a) The personal pronouns "he" and "his" shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word and pronoun so substituted. The word "costs" shall extend to and include legal costs incurred by the Chargee on a solicitor and his own client basis. All rights, advantages, privileges, immunities, powers and things hereby secured by the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by him, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several. The headings beside each paragraph herein are for reference purposes only and do not form part of the covenants herein contained. Any reference to "this Charge" shall be deemed to include any security interest created by any collateral security taken with this Charge. Any reference to "including" shall mean "including, without limitation", whether or not expressly provided.

71. CONFLICT

Where these Standard Mortgage Terms and the provisions of the Charge or any other loan document (including without limitation any assignment of rents or assignment of leases) deal with the same subject matter, the provisions of the Charge or the other loan document shall prevail to the extent of any conflict.

72. SALE OF CHARGE BY CHARGE

The Chargee may from time to time assign or otherwise transfer its legal or beneficial interest in the Charge, or any fractional interest therein, all without any consent of or notice to the Chargor, and the Chargor agrees to execute such documentation and do such things as may be requested of it upon any such assignment, to more effectively, attorn to any such assignee or successor of the Chargee.

73. CONSENT TO RELEASE AND DISCLOSE RE SECURITIZATION

The Chargor acknowledges that the Loan and the Loan Documents (or securities backed by or representing interests in pools of mortgages of which the Loan and the Loan Documents are part) may be sold, transferred, pledged, assigned and/or securitized (in any such case, hereinafter referred to as a "Secondary Market Transaction") through, among other things, private placements or public markets, without further notice to or the consent of the Chargor or any guarantor. The Chargor, and the Chargor on behalf of each guarantor, consents to and further acknowledges and agrees that as part of such Secondary Market Transaction the

information and materials (including, without limitation, financial statements, net worth statements, personal financial information, credit reports, information on the Lands and any tenants, monthly and quarterly financial information and other information provided by the Chargor in respect of the Lands, the status of the Loan and the Loan Documents, and any defaults thereunder) provided in connection with this transaction or under the Loan Documents, may be collected by the Chargee, Servicer, or other servicing entities who service securitized pools from time to time of which the Loan and Loan Documents may become part, and be used by or released or disclosed to any of the following: the public or any private entity or group in an offering memorandum, prospectus or other disclosure document; the public and/or other interested persons in the course of providing market information in regard to the ongoing status of the Loan or loan pools of which the Loan may be part; any subsequent or proposed purchaser and their third party advisors and/or agents; underwriters, rating agencies, governmental authorities or other persons in connection with such Secondary Market Transaction; the Chargee and its successors; governmental authorities having jurisdiction over such Secondary Market Transaction; the Servicer and its successors; and other servicing entities who service securitized pools from time to time of which the Loan and the Loan Documents may become part. The Chargor covenants and agrees that in the event the Chargee decides to include the Loan in a Secondary Market Transaction, the Chargor shall (a) at the Chargee's request, meet with representatives of the rating agencies and/or investors to discuss the business operations on the Lands, (b) permit the Chargee or its representatives to provide related information to the rating agencies and/or investors, and (c) cooperate with the reasonable requests of the rating agencies and/or investors in connection with all of the foregoing. If any of the aforesaid information constitutes personal information of an individual, the Chargor shall have obtained the individual's consent to the collection and use of such personal information as aforesaid as may be required in accordance with any applicable laws.

74. **RELEASE OF INFORMATION**

The Chargor hereby irrevocably consents to the Chargee releasing and disclosing to any other parties, or their authorized agents or solicitors requesting the same, any and all information, whether confidential or not, in its possession regarding the Lands or the Charge, including, without limitation, details of the balance outstanding on the Charge, the terms of the Charge, any present or past defaults under the Charge, and like matters.

The Chargor hereby confirms and agrees that the release and disclosure of any such information by the Chargee constitutes the release and disclosure of such information with the full knowledge and consent of the Chargor within the meaning of the Personal Information Protection and Electronic Documentation Act (Canada) as amended.

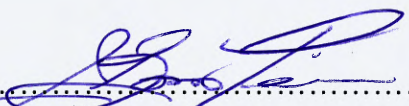
The Chargor hereby irrevocably consents to the provision by any other parties, their authorized agents or solicitors, of information to the Chargee regarding the status of any encumbrance in favour of such parties, on the Lands, or any other real or personal property either owned by the Chargor, or upon which it has entered into any obligation with any such parties.

The Chargor hereby confirms and agrees that the release and disclosure of any such information by any such parties constitutes the release and disclosure of such information with the full knowledge and consent of the Chargor within the meaning of the Personal Information Protection and Electronic Documentation Act (Canada) as amended.

75. **GOVERNING LAW**

This transaction and all agreements between the parties hereto in connection therewith shall be governed by the laws of the Province of Alberta.

This is **Exhibit "E"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

- (a) For value received, **1759255 ALBERTA LTD.** (the "**Debtor**"), hereby grants to **MCAP FINANCIAL CORPORATION** (the "**Lender**"), by way of assignment and transfer, a security interest (the "**Security Interest**") in the undertaking of the Debtor and in all Goods (including all parts, accessories, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Accounts, Intangibles, Money, Securities and Investment Property now owned or hereafter owned or acquired by or on behalf of the Debtor relating to the Property described in Schedule "A" annexed hereto (including such as may be returned to or repossessed by the Debtor) and in all Proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "**Collateral**"), including without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of the Debtor:
- (i) all present and future equipment of the Debtor, including all machinery, appliances, fixtures, plant, tools, furniture, vehicles of any kind or description, all spare parts, accessories installed in or affixed or attached to any of the foregoing, and all drawings, specifications, plans and manuals relating thereto ("**Equipment**");
 - (ii) all present and future inventory of the Debtor, including all raw materials, materials used or consumed in the business or profession of the Debtor, work-in-progress, finished goods, goods used for packing, materials used in the business of the Debtor not intended for sale, and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service ("**Inventory**");
 - (iii) all 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 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 ("**Accounts**");
 - (iv) all 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;

- (v) all present and future intangible personal property of the Debtor, including all contract rights, licences, goodwill, patents, trade marks, copyrights and other industrial property, and all other choses in action of the Debtor of every kind, whether due at the present time or hereafter to become due or owing ("**Intangibles**");
 - (vi) all monies other than trust monies lawfully belonging to others;
 - (vii) all present and future securities and investment property held by the Debtor, including shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest of the Debtor in property or in an enterprise or which constitute evidence of an obligation of the issuer; and including an uncertificated security as defined in the Security Transfer Act (Alberta) and all substitutions therefor and dividends and income derived therefrom ("**Securities**");
 - (viii) all Personal Property now in or in the future located at the premises of the Debtor described in Schedule "A" annexed or described in any schedule hereafter annexed or in any subsequent security agreement related to the Indebtedness of the Debtor and belonging to the Debtor.
- (b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed of such term.
- (c) The terms "Goods", "Chattel Paper", "Documents of Title", "Equipment", "Consumer Goods", "Accounts", "Money", "Instruments", "Intangibles", "Securities", "Investment Property", "Proceeds", "Inventory", "Personal Property", and "Accession" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act (Alberta), as amended from time to time (herein referred to as the "**P.P.S.A.**"). Provided always that the term "Goods" when used herein shall not include "consumer goods" of the Debtor as that term is defined in the P.P.S.A. Any reference herein to "Collateral"

shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof". The term "Proceeds", whenever used herein and interpreted as above shall, by way of example, include trade-ins, equipment, cash, bank accounts, notes, chattel paper, goods, contract rights, accounts and any other personal property or obligation received when such collateral or proceeds are sold, exchanged, collected or otherwise disposed of.

2. **INDEBTEDNESS SECURED**

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liability of the Debtor to the Lender arising out of a certain mortgage delivered by the Debtor to the Lender for the principal sum of **\$2,418,750.00** and given in accordance with a mortgage commitment letter dated September 12, 2018, as it may be amended from time to time (the "**Commitment Letter**"), which indebtedness shall be fully satisfied upon payment in full of the said mortgage (hereinafter collectively called the "**Indebtedness**").

3. **REPRESENTATIONS AND WARRANTIES OF DEBTOR**

The Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

- (a) The Collateral is genuine and owned both legally and beneficially by the Debtor free of all interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "B" or hereafter approved in writing by the Lender, prior to their creation or assumption;
- (b) Each Account, Chattel Paper and Instrument constituting 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 Lender from time to time as owing by each Account Debtor or by all Account Debtors is owing except for normal cash discounts where applicable, and the Debtor will use its best efforts to insure that no Account Debtor will have any defence, set off, claim or counterclaim against the Debtor which can be asserted against the Lender, whether in any proceeding to enforce Collateral or otherwise; and
- (c) The location specified in Schedule "A" as to business operations, the location of Collateral and records is accurate and complete.

4. **COVENANTS OF THE DEBTOR**

So long as this Security Agreement remains in effect the Debtor covenants and agrees:

- (a) To defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and those shown on Schedule "B" or hereafter approved in writing by the Lender, prior to their creation or assumption and not to sell, exchange, transfer, assign, lease, otherwise dispose of Collateral or any interest therein without the prior written consent of the Lender; 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 6 hereof, use monies available to the Debtor;
- (b) To notify the Lender promptly of:
 - (i) any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's business or Collateral;
 - (ii) the details of any significant acquisition of Collateral;
 - (iii) the details of any claims or litigation affecting Collateral;
 - (iv) any material loss or damage to Collateral;
 - (v) any material default by any Account Debtor in payment or other performance of his obligations with respect to Collateral; and
 - (vi) the return to or repossession by the Debtor of Collateral;
- (c) To keep the Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) To do, execute, acknowledge and deliver such further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Lender of or with respect to Collateral in order to give effect to these

presents and to pay all reasonable costs for searches and filings in connection therewith;

- (e) To pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Collateral as and when the same become due and payable;
- (f) To 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 Lender shall reasonably direct with loss payable to the Lender and the Debtor, as insureds, as their respective interest may appear, and to pay all premiums therefor;
- (g) To prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an Accession to other property not covered by this Security Agreement;
- (h) To 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 Collateral, and mark any and all such records and Collateral at the Lender's request so as to indicate the Security Interest;
- (i) To deliver to the Lender from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities, Investment Property and Chattel Paper constituting, representing or relating to Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to 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 Collateral; and
 - (v) such information concerning Collateral, the Debtor and business and affairs as the Lender may reasonably request;

- (j) To have the premises at which the Debtor carries on business or where Collateral is located professionally managed at all times.

5. **USE AND VERIFICATION OF COLLATERAL**

Subject to compliance with the Debtor's covenants herein and Clause 6 hereof, the Debtor may, until default, possess, operate, use, enjoy and deal with Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Lender shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith and for such purpose to grant to the Lender or its agents access, upon forty-eight (48) hours' notice, to all places where Collateral may be located and to the premises described in Schedule "A".

6. **COLLECTION OF DEBTS**

Before or after default under this Security Agreement, if the Lender believes that its security is impaired, the Lender may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to the Lender. The Debtor acknowledges that any payments on or other proceeds of Collateral received by the Debtor from Account Debtors, whether on or before or after default under this Security Agreement, shall be received and held by the Debtor in trust for the Lender and shall be turned over to the Lender upon request if the Lender believes that its security is impaired.

7. **DISPOSITION OF MONIES**

Subject to any applicable requirements of the P.P.S.A., all monies collected or received by the Lender pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as the Lender deems best or, at the option of the Lender, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Lender hereunder, and any surplus shall be accounted for as required by law.

8. **EVENTS OF DEFAULT**

The happening of any of the following events or conditions shall constitute default hereunder (hereinafter referred to as "default"):

- (a) The nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of the Debtor to observe or perform any obligation, covenant,

term, provision, or condition contained in this Security Agreement or any other document or agreement between the Debtor and the Lender relating to the Indebtedness;

- (b) The bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy unless the making of an authorized assignment for the benefit of creditors by the Debtor; the appointment of a receiver or trustee for the Debtor or for any assets of the Debtor or the institution by or against the Debtor of any other type of insolvency proceeding under the Bankruptcy Act or otherwise;
- (c) Abandonment of any premises at which the Debtor carries on business or where Collateral is located by the Debtor for a period in excess of eight (8) consecutive days and which the Debtor has not rectified within ten (10) days.

9. **REMEDIES**

- (a) Upon default, the Lender may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Lender or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not the Lender and the Lender shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instruments appointing him, any such Receiver shall have the power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Debtor, enter upon, use and occupy all premises owned or occupied by the Debtor, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on the Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Lender, all monies received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the

Lender. Every such Receiver may, in the discretion of the Lender, be vested with all or any of the rights and powers of the Lender.

- (b) Upon default, the Lender may, either directly or indirectly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing subclause (a).
- (c) The Lender may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Lender may sell, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Lender may deem reasonable.
- (d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between the Debtor and the Lender and in addition to any other rights the Lender may have at law or in equity, the Lender shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. provided always, that the Lender shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, the Lender shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in the Lender's possession and shall not be liable or accountable for failure to do so.
- (e) The Debtor acknowledges that the Lender or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from the Lender or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed if practicable.
- (f) The Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Lender or any Receiver appointed by it, whether directly or indirectly for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating the Debtor's accounts, in preparing or enforcing this Security Agreement, taking custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any

monies owing as a result of any borrowing by the Lender or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

- (g) The Lender will give the Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made, as may be required by the P.P.S.A.
- (h) Upon failure of the Debtor to have its premises professionally managed in accordance with Clause 4(j) hereof, the Lender may, but shall not be obligated to appoint such professional manager or managers, as it may deem necessary in its sole discretion, to manage such premises at the sole expense of the Debtor.

10.

MISCELLANEOUS

- (a) The Debtor hereby authorizes the Lender to file such financing statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted encumbrances affecting Collateral) as the Lender may deem appropriate to perfect and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest, and the Debtor hereby irrevocably constitutes and appoints the Lender 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.
- (b) Upon the Debtor's failure to perform any of its duties hereunder, the Lender may, but shall not be obligated to, perform any or all such duties, and the Debtor shall pay to the Lender, forthwith upon written demand therefor, an amount equal to the expense incurred by the Lender in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate per annum set forth in the said mortgage.
- (c) The Lender may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, sureties and others and with Collateral and other security as the Lender may see fit without prejudice to the liability of the Debtor or the Lender's right to hold and realize the Security Interest. Furthermore, the Lender may demand, collect and sue on Collateral in either the Debtor's or the Lender's name

on any and all cheques, commercial paper, and any other Instrument pertaining to or constituting Collateral.

- (d) No delay or omission by the Lender in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Lender may remedy any default by the Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. All rights and remedies of the Lender granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (e) The Debtor waives protest of any Instrument constituting Collateral at any time held by the Lender on which the Debtor is in any way liable and, subject to Clause 9(g) hereof, notice of any other action taken by the Lender.
- (f) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.
- (g) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a Written Agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.
- (h) Subject to the requirements of Clauses 9(g) and 10(e) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon that other, such notice, direction, demand or request shall be in writing and shall be sufficiently given only if delivered to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto or if sent by prepaid registered mail addressed to the party for whom it is intended at the principal address of such party herein set forth or as changed pursuant hereto. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purpose hereof.

- (i) This Security Agreement and the security afforded hereby shall remain in full force and effect until all Indebtedness contracted for or created, shall be paid in full.
- (j) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.
- (k) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.
- (l) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.
- (m) Nothing herein contained shall in any way obligate the Lender to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.
- (n) The Security Interest created hereby is intended to attach when this Security Agreement is signed by the Debtor and delivered to the Lender.

11. **COPY OF AGREEMENT AND ATTACHMENT**

- (a) The Debtor hereby acknowledges receipt of a copy of this Security Agreement and that the parties do not intend any postponement of the attachment of the Security Interest to the Collateral.
- (b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by the Lender, or of any verification statement with respect to any financing statement registered by the Lender.

12. **COUNTERPART**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall be deemed to constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF the Debtor has executed this Security Agreement under the hand of its authorized signing officers this 20 day of September, 2018.

1759255 ALBERTA LTD.

Per:

Name: SONG SONG LI

Title: President

Per:

Name: Xiadling Ren

Title: Secretary / Treasurer

I/We have authority to bind the corporation.

SCHEDULE "A"

Description of Land

Municipal Address: **1717 MOUNTAIN AVENUE, CANMORE**

Legal Description: **PLAN CANMORE 5263HV**

BLOCK ONE (1)

**THE NORTH EAST TWO HUNDRED AND SEVENTEEN (217)
FEET**

OF LOT EIGHT (8)

EXCEPTING THEREOUT ALL MINES AND MINERALS

Linc Number: **0015-965-867**

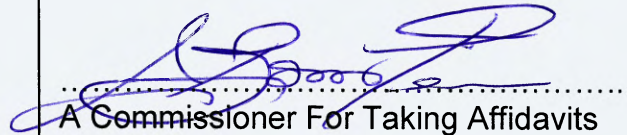
Land Titles Office: **Calgary**

SCHEDULE "B"

Permitted Encumbrances

NIL

This is **Exhibit "F"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



GENERAL ASSIGNMENT OF LEASES AND RENTS

THIS ASSIGNMENT made as of the 20 day of September, 2018

BETWEEN:

1759255 ALBERTA LTD.

(hereinafter called the "Assignor")

OF THE FIRST PART

- and -

MCAP FINANCIAL CORPORATION

(hereinafter called the "Assignee")

OF THE SECOND PART

WHEREAS:

i) The Assignor is the registered owner of the lands and premises situate, lying and being in Canmore, Alberta, the boundaries of which are more particularly described in Schedule "A" annexed hereto and municipally known by the parties as **1717 MOUNTAIN AVENUE, CANMORE, Alberta** (the "Property");

ii) The Assignor has charged and mortgaged the Property to the Assignee to secure the repayment of the principal sum of **\$2,418,750.00** and interest thereon at the interest rate therein expressed pursuant to a Charge in that principal amount issued by the Assignor to the Assignee (the "Charge");

iii) The Property is or will be leased by the Assignor, or its property manager, from time to time to one or more tenants.

iv) The Assignor has agreed as a condition precedent to the Assignee advancing the principal sum secured by the Charge to execute and deliver this Assignment for the purpose of collaterally securing the performance and observance of the Assignor's promise to pay and other obligations under the Charge.

1. NOW THEREFORE this Assignment witnesses that in consideration of the premises and other good and valuable consideration paid by the Assignee to the Assignor (the receipt and sufficiency whereof is hereby acknowledged) the Assignor hereby assigns, grants, transfers and sets over to the Assignee:

- (a) any existing and future leases of, and agreements to lease of, the whole or any portion of the Property;
- (b) every existing and future tenancy, agreement as to use or occupation, and licence in respect of the whole or any part of the Property, whether or not in writing;
- (c) every existing and future guarantee of all or any of the obligations of any existing or future tenant, subtenant, occupier or licensee of the whole or any portion of the Property;
- (d) a security interest in each lease or agreement to lease of the whole or any part of the Property; and
- (e) all rents and other monies and benefits and advantages to be derived by the Assignor (collectively the "**Rents**") from every existing and future lease of, agreement to lease of, agreement as to use or occupation and licence in respect of the whole or any part of the Property.

Every existing and future lease of, agreement to lease of, agreement as to use or occupation and licence in respect of the whole or any part of the Property shall hereinafter be referred to as the "**Leases**". The within Assignment of Leases and Rents in favour of the Assignee is given as security for the payment of the principal sum, interest and other monies payable by the Assignor to the Assignee pursuant to the Charge and for the performance of all of the covenants of the chargors pursuant to the Charge. The within assignment and grant includes all the Assignor's right to demand, sue for, collect and receive all Rents, and otherwise to enforce (either in the name of the Assignor or the Assignee) the Assignor's rights under any Lease consequent on any default by the tenant thereunder whether such rights arise under such Lease or by statute or at law or in equity, including without limitation the Assignor's rights to distrain.

2. THE ASSIGNEE acknowledges that this Assignment is being executed and delivered as a continuing and additional security for the performance and observance of the Assignor's promise to pay and other obligations pursuant to the Charge and neither the execution and delivery of the Assignment nor anything done pursuant thereto shall in any way impair and diminish the obligation of the Assignor as landlord of the Leases.

3. NO PROVISION contained in this Assignment shall be deemed to have the effect of making the Assignee responsible for the collection of any Rents, or any part thereof or for the performance or observance of any of the covenants, terms, conditions or other obligations imposed upon either party to any of the Leases.

4. THE ASSIGNEE shall not by virtue of this Assignment be deemed to be a mortgagee in possession of the Property and upon the payment of the principal sum, interest and other monies secured by the Charge, this Assignment shall terminate. It is further agreed that a full and complete discharge (but not a partial discharge) of the Charge from title to the Property shall operate as a full and complete release of the Assignee's interest and rights hereunder.

5. IT IS UNDERSTOOD and agreed that the Assignee shall be liable to account for only such monies as may actually come into its hands by virtue of this Assignment less proper collection and management charges and that such monies when so received by the Assignee shall be applied pro rata on account of the principal sum, interest and other monies secured by the Charge.

6. ALTHOUGH IT IS the intention of the parties that this Assignment shall be a present assignment, effective immediately upon execution, it is expressly understood and agreed that the Assignee shall not exercise any of the rights or powers herein conferred upon it until an event of default (as defined in the Charge) shall occur under the terms and provisions of the Charge. Upon such event of default occurring: (i) the Assignee shall be entitled, upon written notice to the tenants of the Property, to collect and receive all Rents under the Leases and (ii) this Assignment shall constitute an irrevocable direction and authorization of the Assignor to such tenants to pay such amounts to the Assignee or as the Assignee shall direct otherwise in writing without proof of any event of default by the Assignor. Without limiting the generality of the foregoing, such tenants are hereby irrevocably authorized and directed to rely upon and comply with, and to be fully protected in so doing, any notice or demand by the Assignee for the payment to the Assignee of any rent, or for the performance of any other obligation of the tenants under the Leases and the tenants shall not be required to or be under any duty to inquire as to whether any event of default under the Charge has actually occurred or is then existing. Until an Event of Default occurs, the Assignor can continue to collect rents and deal with the Leases in the ordinary course of business.

7. THE ASSIGNOR covenants and agrees that:

- (a) there is no outstanding encumbrance or assignment of the Leases in priority to this Assignment or the rents payable or receivable thereunder;
- (b) it shall at all times perform and observe all of the Landlord's obligations contained in the Leases;
- (c) it now has full power and absolute authority to assign its interest in the Leases and Rents and all benefits and advantages to be derived therefrom to the Assignee according to the intention of this Assignment; and
- (d) it shall forthwith on demand enter into, execute and deliver to the Assignee, at the Assignor's expense, such further assignments and assurances of the Leases and Rents as the Assignee shall reasonably require subject to reasonable review.

8. THE ASSIGNOR further covenants and agrees that it will not without the prior written consent of the Assignee:

- (a) (i) cancel or take any action to cancel any Lease; (ii) accept the surrender of any Lease; (iii) alter or amend or consent to or permit the altering, or amending of any term or provision of any Lease so as to decrease the Tenant's financial

obligations or increase the responsibility of the Landlord thereunder; (iv) consent to or permit the assigning or subleasing of any Lease except in circumstances where the Landlord's consent cannot be unreasonably withheld or where no consent is required;

- (b) collect or attempt to collect or permit either the payment or the prepayment of rent for a period greater than one (1) month or in any manner and at any time other than that stipulated in the Leases;

[Notwithstanding the provisions of sub-paragraphs (a) and (b) above, the Assignor shall not be required to obtain the Assignee's consent to any such action with respect to a lease for residential premises so long as the Assignor is acting reasonably as a prudent landlord of such premises within the area of the Property or areas which the Assignee, acting reasonably, determines are comparable.]

9. THE ASSIGNOR warrants and represents that, except as otherwise disclosed to the Assignee in writing:

- (a) each Lease is a valid and subsisting lease constituting the entire and only agreement between the Assignor and its tenant thereunder pertaining to the premises demised;
- (b) the said tenants are occupying the premises described in each Lease and paying the full rent stipulated therein;
- (c) no notice has been received from any Tenant indicating an intention to assign or sublet or indicating an intention to surrender the term or otherwise part with possession of the premises demised to it other than as specifically provided for herein; and
- (d) no notice has been received by the Assignor from any tenant alleging default by the Assignor in the performance of its obligations as landlord pursuant to any Lease which notice has not been complied with by the Assignor to such tenant's reasonable satisfaction.

10. THE ASSIGNOR agrees that any and all rights of the Assignee pursuant to this Assignment may be exercised by any trustee or receiver appointed at the instance of or for the benefit of the Assignee. The Assignor further agrees that the Assignee is authorized (but is not obligated) in the name of the Assignor to take at any time any proceeding which in the opinion of the Assignee or its solicitors may be expedient or necessary for the purpose of enforcing any of the rights of the Assignor under the Leases and further to compromise or submit to arbitration any dispute which has arisen or may arise in respect of any Lease and any settlement arrived at shall be binding upon the Assignor. The Assignee is further authorized (but is not obligated) in the name and for the account of the Assignor to perform and observe any of the Assignor's

obligations, as landlord, under the Leases, or any of them, and without limiting the generality of the foregoing, any amount paid by the Assignee in respect thereof as well as any other expense incurred by the Assignee shall be added pro rata to the monies secured by the Charge and shall bear interest at the interest rate stipulated therein.

11. THE TERM "**Leases**" shall extend to and include (i) the Leases as they may be extended or renewed or replaced; (ii) any amending agreement whether written or oral; and (iii) any guarantee whether included in the Leases or otherwise.

12. THE TERM "**tenants**" means and includes (i) the person, firm or corporation named as tenant or lessee in a Lease; and (ii) any person, firm or corporation who has guaranteed (whether as a primary debtor, surety or otherwise) the performance and observance of a tenant's covenants and other obligations pursuant to a Lease.

13. THE TERM "**Landlord**" means the Assignor, its successors and assigns and includes the person, firm or corporation named as landlord or lessor in a Lease.

14. THE TERM "**Rent**" or "**Rents**" shall extend to and include all monies that the Assignor is entitled to receive under the terms of the Leases including without limitation insurance proceeds, arbitration awards and the proceeds arising from any guarantee or other security held by the Assignor.

15. The Assignment of Rents and the Assignment of Leases herein contained may be exercised separately.

16. The Assignment of Leases 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 the Assignment of Leases 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 Property 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 the Assignment of Leases.

17. THE RIGHTS, remedies and security given to the Assignee hereunder are cumulative and are not in substitution for any rights, remedies or security to which the Assignee may be entitled, either under the Charge or under any other security or at law.

18. THE ASSIGNOR acknowledges receiving a true copy of this Assignment.

19. THIS ASSIGNMENT shall be binding upon and enure to the benefit of and shall be enforceable by the respective successors and assigns of the parties hereto and all words and phrases shall be taken to include the singular or plural or masculine, feminine or neuter gender as the circumstances shall require.

20. THE ASSIGNOR covenants that upon the registration of a complete discharge of the Charge this Assignment shall be deemed to be null and void and of no further effect.

21. This ASSIGNMENT may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall be deemed to constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF the Assignor has executed this Assignment by the hands of its duly authorized officer in that behalf on the day and year first written above.

1759255 ALBERTA LTD.

Per: 

Name: Song Song Li

Title: President

Per: 

Name: Xiaoling Ren

Title: Secretary/Treasurer

I/We have authority to bind the corporation.

SCHEDULE "A"

(the Property)

Municipal Address: **1717 MOUNTAIN AVENUE, CANMORE**

Legal Description: **PLAN CANMORE 5263HV**

BLOCK ONE (1)

**THE NORTH EAST TWO HUNDRED AND SEVENTEEN (217)
FEET**

OF LOT EIGHT (8)

EXCEPTING THEREOUT ALL MINES AND MINERALS

Linc Number: 0015-965-867

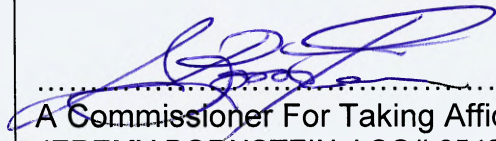
Land Titles Office: Calgary



181220071

181220071 REGISTERED 2018 10 11
CAVE - CAVEAT
DOC 3 OF 3 DRR#: F0CCD69 ADR/VBENIPAL
LINC/S: 0015965867

This is **Exhibit "G"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor





LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0015 965 867 5263HV;1;8 181 220 069

LEGAL DESCRIPTION

PLAN CANMORE 5263HV
BLOCK ONE (1)
THE NORTH EAST TWO HUNDRED AND SEVENTEEN (217) FEET
OF LOT EIGHT (8)
EXCEPTING THEREOUT ALL MINES AND MINERALS

ATS REFERENCE: 5;10;25;5;S
ESTATE: FEE SIMPLE

MUNICIPALITY: TOWN OF CANMORE

REFERENCE NUMBER: 141 308 207

REGISTERED OWNER(S)				
REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
181 220 069	11/10/2018	TRANSFER OF LAND	\$3,000,000	CASH & MORTGAGE

OWNERS

1759255 ALBERTA LTD.
OF 1717 - 10TH AVENUE SW
CALGARY
ALBERTA T3C 0K1

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
771 058 902	11/05/1977	EASEMENT "EXTENDED BY, OVER NW 20 FEET"
071 616 791	28/12/2007	UTILITY RIGHT OF WAY GRANTEE - THE TOWN OF CANMORE. PART AS DESCRIBED
181 220 070	11/10/2018	MORTGAGE

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

181 220 069

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

MORTGAGEE - MCAP FINANCIAL CORPORATION.
400, 200 KING STREET WEST
TORONTO
ONTARIO M5H3T3
ORIGINAL PRINCIPAL AMOUNT: \$2,418,750

181 220 071 11/10/2018 CAVEAT
RE : ASSIGNMENT OF RENTS AND LEASES
CAVEATOR - MCAP FINANCIAL CORPORATION.
400, 200 KING STREET WEST
TORONTO
ONTARIO M5H3T3
AGENT - TERENCE G LIDSTER

TOTAL INSTRUMENTS: 004

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 7 DAY OF
JANUARY, 2020 AT 12:55 P.M.

ORDER NUMBER: 38601140

CUSTOMER FILE NUMBER: 29633-235



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

This is **Exhibit "H"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



Search ID #: Z12282970

Transmitting Party

Cassels Brock & Blackwell LLP

888-3rd Street SW, Suite 3810
Bankers Hall West
Calgary, AB T2P 5C5

Party Code: 60006325
Phone #: 403 351 3054
Reference #: 29633-235

Search ID #: Z12282970

Date of Search: 2020-Jan-07

Time of Search: 12:24:19

Business Debtor Search For:

1759255 ALBERTA LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z12282970

Business Debtor Search For:

1759255 ALBERTA LTD.

Search ID #: Z12282970

Date of Search: 2020-Jan-07

Time of Search: 12:24:19

Registration Number: 17082917766

Registration Date: 2017-Aug-29

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2020-Aug-29 23:59:59

Exact Match on:

Debtor

No: 1

Amendments to Registration

18080813906	Renewal	2018-Aug-08
18092733847	Amendment	2018-Sep-27
18110129047	Amendment	2018-Nov-01

Debtor(s)

Block

Status

1 1759255 ALBERTA LTD.
270, 2323 - 32 AVENUE N.E.
CALGARY, AB T2E 6Z3

Current

Secured Party / Parties

Block

Status

1 1028198 ALBERTA LTD.
C/O 2100, 700 - 2 STREET S.W.
CALGARY, AB T2P 2W1

Current

Block

Status

2 OLYMPIA TRUST COMPANY
2200, 125 - 9 AVENUE S.E.
CALGARY, AB T2G 0P6

Current

Search ID #: Z12282970

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	<p>All present and after acquired personal property of the Debtor and including all the Debtor's right, title and interest in and to all presently owned or held and after acquired, owned or held personal property, chattels, apparatus, equipment, fixtures, furniture, machinery and plant whatsoever now or hereafter situated on the lands municipally known as 28 Elmont Drive S.W., Calgary Alberta and legally described as:</p> <p>PLAN 2370IB BLOCK 2 LOT 9 EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>(the "Lands")</p> <p>or used in connection with the Lands, including without limitation, all books, accounts, debts, damage deposits, dues, claims and choses in action, leases and all air conditioning, cooling, electric, gas, heating, plumbing, refrigeration and ventilating equipment, all appliances, boilers, electric light fixtures, elevators, furnaces, pressure vessels, signs and all awnings, blinds, drapes and wall to wall carpets, inventory and all other items which are necessary or desirable for the intended use of the Lands and which now or which at any time may hereafter be delivered, placed or installed upon the Lands or used in connection therewith whether or not attached to the Lands other than by their own weight, including, without limiting the generality of the foregoing, all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the foregoing, and all proceeds thereof and therefrom.</p>	Current
2	<p>THIS COLLATERAL REGISTRATION IS POSTPONED TO THE COLLATERAL REGISTRATION IN BASE REGISTRATION 18091925424, AS MAY BE AMENDED FROM TIME TO TIME, AS SET OUT IN THE POSTPONEMENT AND SUBORDINATION OF SECURITY INTEREST DATED SEPTEMBER 27, 2018 EXECUTED BY 1028198 ALBERTA LTD. AND OLYMPIA TRUST COMPANY IN FAVOUR OF MCAP FINANCIAL CORPORATION.</p>	Current By 18092733847
3	<p>This collateral registration is postponed to the collateral registration in base registration number 18070519820 as may be amended from time to time as set out in the postponement and subordination of security interest dated November 1, 2018 executed by 1028198 Alberta Ltd. and Olympia Trust Company in favour of ATB Financial.</p>	Current By 18110129047

Particulars

<u>Block</u>	<u>Additional Information</u>	<u>Status</u>
1	<p>This registration is a re-registration of registration 13082613993 pursuant to section 35 (7) of the Personal Property Security Act.</p>	Current

Search ID #: Z12282970

Business Debtor Search For:

1759255 ALBERTA LTD.

Search ID #: Z12282970

Date of Search: 2020-Jan-07

Time of Search: 12:24:19

Registration Number: 18070519820

Registration Date: 2018-Jul-05

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2023-Jul-05 23:59:59

Exact Match on:

Debtor

No: 1

Amendments to Registration

18092732315

Amendment

2018-Sep-27

Debtor(s)

Block

Status

Current

1 1759255 ALBERTA LTD.
270, 2323 - 32 AVENUE N.E.
CALGARY, AB T2E 6Z3

Secured Party / Parties

Block

Status

Current

1 ATB FINANCIAL
3699 63RD AVENUE N.E.
CALGARY, AB T3J 0G7

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

2 THIS COLLATERAL REGISTRATION IS POSTPONED TO THE COLLATERAL
REGISTRATION IN BASE REGISTRATION 18091925424, AS MAY BE AMENDED FROM
TIME TO TIME, AS SET OUT IN THE POSTPONEMENT AND SUBORDINATION OF
SECURITY INTEREST DATED SEPTEMBER 25, 2018 EXECUTED BY ATB FINANCIAL
IN FAVOUR OF MCAP FINANCIAL CORPORATION.

Current By

18092732315

Search ID #: Z12282970

Business Debtor Search For:

1759255 ALBERTA LTD.

Search ID #: Z12282970

Date of Search: 2020-Jan-07

Time of Search: 12:24:19

Registration Number: 18070519830

Registration Date: 2018-Jul-05

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

1 1759255 ALBERTA LTD.
270, 2323 - 32 AVENUE N.E.
CALGARY, AB T2E 6Z3

Current

Secured Party / Parties

Block

Status

1 ATB FINANCIAL
3699 63RD AVENUE N.E.
CALGARY, AB T3J 0G7

Current

Search ID #: Z12282970

Business Debtor Search For:

1759255 ALBERTA LTD.

Search ID #: Z12282970

Date of Search: 2020-Jan-07

Time of Search: 12:24:19

Registration Number: 18080811137

Registration Date: 2018-Aug-08

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2020-Aug-08 23:59:59

Exact Match on:

Debtor

No: 1

Amendments to Registration

18092733804

Amendment

2018-Sep-27

Debtor(s)

Block

Status

Current

1 1759255 ALBERTA LTD.
270, 2323 - 32 AVENE NE
CALGARY, AB T2E 6Z3

Secured Party / Parties

Block

Status

Current

1 1028198 ALBERTA LTD. ATTN: JAROLD M. SWITZER
CARON & PARTNERS, 2120,237-4TH AVE SW
CALGARY, AB T2P 4K3

Block

Status

Current

2 OLYMPIA TRUST COMPANY ATTN: MARIA GAYOS
PO BOX 2581, STN CENTRAL
CALGARY, AB T2P 1C8

Collateral: General

Block

Description

Status

1 All present and after acquired personal property of the Debtor. Proceeds: All present and
after acquired personal property of the Debtor

Current

Search ID #: Z12282970

- 2 THIS COLLATERAL REGISTRATION IS POSTPONED TO THE COLLATERAL Current By
REGISTRATION IN BASE REGISTRATION 18091925424, AS MAY BE AMENDED FROM 18092733804
TIME TO TIME, AS SET OUT IN THE POSTPONEMENT AND SUBORDINATION OF
SECURITY INTEREST DATED SEPTEMBER 27, 2018 EXECUTED BY 1028198
ALBERTA LTD. AND OLYMPIA TRUST COMPANY IN FAVOUR OF MCAP FINANCIAL
CORPORATION.

Search ID #: Z12282970

Business Debtor Search For:

1759255 ALBERTA LTD.

Search ID #: Z12282970

Date of Search: 2020-Jan-07

Time of Search: 12:24:19

Registration Number: 18091925424

Registration Date: 2018-Sep-19

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2022-Sep-19 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

1 1759255 ALBERTA LTD.
204, 2635 - 37 AVENUE NE
CALGARY, AB T1Y 5Z6

Current

Secured Party / Parties**Block****Status**

1 MCAP FINANCIAL CORPORATION
400, 200 KING STREET WEST
TORONTO, ON M5H 3T4

Current

Collateral: General**Block****Description****Status**

1 ALL THE UNDERTAKING OF THE DEBTOR AND GOODS (INCLUDING ALL PARTS, ACCESSORIES, SPECIAL TOOLS, ADDITIONS AND ACCESSIONS THERETO), CHATTEL PAPER, DOCUMENTS OF TITLE (WHETHER NEGOTIABLE OR NOT), INSTRUMENTS, ACCOUNTS, INTANGIBLES, MONEY, SECURITIES AND INVESTMENT PROPERTY NOW OWNED OR HEREAFTER OWNED OR ACQUIRED BY OR ON BEHALF OF THE DEBTOR BUT ONLY IN ALL CASES RELATING TO THE PROPERTY DESCRIBED BELOW AND IN ALL PROCEEDS AND RENEWALS THEREOF, ACCRETIONS THERETO AND SUBSTITUTIONS THEREFOR; AND PROCEEDS.

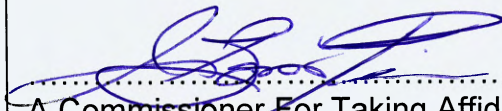
Current

LEGAL:
PLAN CANMORE 5263HV
BLOCK ONE (1)
THE NORTH EAST TWO HUNDRED AND SEVENTEEN (217) FEET
OF LOT EIGHT (8)
EXCEPTING THEREOUT ALL MINES AND MINERALS

(1717 MOUNTAIN AVENUE, CANMORE)

Result Complete

This is **Exhibit "I"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



GUARANTEE

This Guarantee is made as of the 24 day of September, 2018.

WHEREAS SONG SONG LI and LEEF LIVING LTD. , the undersigned (hereinafter individually and collectively referred to as the "Guarantor"), has agreed to provide MCAP FINANCIAL CORPORATION (the "Lender") with a guarantee of the Obligations (as hereinafter defined) of 1759255 ALBERTA LTD. (hereinafter referred to as the "Obligor");

AND WHEREAS the Guarantor has agreed that if the guarantee is not enforceable, the Guarantor will indemnify the Lender or be liable as primary obligor;

NOW THEREFORE THIS GUARANTEE WITNESSES that in consideration of the premises and the covenants and agreements herein contained, the sum of \$1.00 now paid by the Lender to the Guarantor and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Guarantor covenants with the Lender as follows:

ARTICLE 1 - GUARANTEE

1.01 Guarantee

The Guarantor hereby unconditionally and irrevocably guarantees payment of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Obligor to the Lender or remaining unpaid by the Obligor to the Lender under, and the performance of obligations pursuant to, the charge/mortgage (the "Mortgage") of the lands and premises known municipally as 1717 MOUNTAIN AVENUE, CANMORE, in the original principal amount of \$2,418,750.00, (collectively referred to as the "Obligations").

1.02 Indemnity

If any or all of the Obligations are not duly paid or performed by the Obligor and are not recoverable under Section 1.01 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Lender from and against all losses resulting from the failure of the Obligor to pay or perform such Obligations.

1.03 Primary Obligation

If any or all of the Obligations are not duly paid or performed by the Obligor and are not recoverable under Section 1.01 or the Lender is not indemnified under Section 1.02, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation, be recoverable from the Guarantor as primary obligor.

1.04 Obligations Absolute

The liability of the Guarantor hereunder will be absolute and unconditional and will not be affected by:

- (a) any lack of validity or enforceability of any agreement between the Obligor and the Lender;

- (b) any impossibility, impracticability, frustration of purpose, illegality, force majeure or act of government;
- (c) the bankruptcy, winding up, liquidation, dissolution or insolvency of the Obligor or any other person or the amalgamation of or any change in the status, function, control or ownership of the Obligor, the Guarantor, the Lender or any other person;
- (d) any lack or limitation of power, incapacity or disability on the part of the Obligor or of the directors, partners or agents thereof or any other irregularity, defect or informality on the part of the Obligor in its obligations to the Lender;
- (e) the death of the Obligor; or
- (f) any other law, regulation or other circumstance that might otherwise constitute a defence available to, or a discharge of, the Obligor in respect of any or all of the Obligations.

ARTICLE 2 - DEALINGS WITH OBLIGOR AND OTHERS

2.01 No Release

The liability of the Guarantor hereunder will not be released, discharged, limited or in any way affected by anything done, suffered or permitted by the Lender in connection with any duties or liabilities of the Obligor to the Lender or any security therefor including any loss of or in respect of any security received by the Lender from the Obligor or others. Without limiting the generality of the foregoing and without releasing, discharging, limiting or otherwise affecting in whole or in part the Guarantor's liability hereunder, without obtaining the consent of or giving notice to the Guarantor, the Lender may:

- (a) discontinue, reduce, increase or otherwise vary the credit of the Obligor in any manner whatsoever;
- (b) make any change in the time, manner or place of payment under, or in any other term of, any agreement between the Obligor and the Lender whether or not the Obligor carries out any of its obligations under any such agreement;
- (c) grant time, renewals, extensions, indulgences, releases and discharges to the Obligor;
- (d) take or abstain from taking or enforcing securities or collateral from the Obligor or from perfecting securities or collateral of the Obligor;
- (e) accept compromises from the Obligor;
- (f) apply all money at any time received from the Obligor or from securities upon such part of the Obligations as the Lender may see fit or change any such application in whole or in part from time to time as the Lender may see fit; and
- (g) otherwise deal with the Obligor and all other persons and securities as the Lender may see fit.

without recourse and without representation and warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Obligations and any security held therefor resulting from such performance or payment by the Guarantor.

ARTICLE 5 - GENERAL

5.01 Binding Effect of the Guarantee

This Guarantee will be binding upon the heirs, executors, administrators and successors of the Guarantor and will enure to the benefit of the Lender and its successors and assigns.

5.02 Entire Agreement

This Guarantee constitutes the entire agreement between the Guarantor and the Lender with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between such parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth herein. The Lender will not be bound by any representations or promises made by the Obligor to the Guarantor and possession of this Guarantee by the Lender will be conclusive evidence against the Guarantor that the Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with and this Guarantee will be operative and binding notwithstanding the non-execution thereof by any proposed signatory.

5.03 Disclosure

The Guarantor acknowledges that the Mortgage (or securities backed by or representing interests in pools of mortgages of which the Mortgage is part) may be sold or securitized through, among other things, private placements or public markets (a "Secondary Market Transaction") without further notice to or the consent of the Guarantor. The Guarantor, consents to and further acknowledges and agrees that as part of such sale or securitization, the information and materials (including, without limitation, financial statements, net worth statements, personal financial information, credit reports, monthly and quarterly financial information and other information provided by the Guarantor under this Guarantee, and any defaults hereunder) provided in connection with this transaction, this Guarantee or the Mortgage, may be collected by the Lender, any servicer appointed by the Lender, or other servicing entities who service securitized pools from time to time of which the Mortgage may become part, and be used by or released or disclosed to any of the following: the public or any private entity or group in an offering memorandum, prospectus or other disclosure document; the public and/or other interested persons in the course of providing market information in regard to the ongoing status of the Mortgage or mortgage pools of which the Mortgage may be part; any subsequent or proposed purchaser and their third party advisors and/or agents; underwriters, rating agencies, governmental authorities or other persons in connection with such sales or securitizations; the Lender and its successors; governmental authorities having jurisdiction over such sales or securitizations; any servicer and its successors; and other servicing entities who service securitized pools from time to time of which the Loan and the Loan Documents may become part. The Guarantor covenants and agrees that in the event the Lender decides to include the Mortgage in a Secondary Market Transaction, the Guarantor shall (a) at the Lender's request, meet with representatives of the rating agencies and/or investors to discuss the business operations in respect of the premises charged by the Mortgage, (b) permit the Lender or its representatives to

provide related information to the rating agencies and/or investors, and (c) cooperate with the reasonable requests of the rating agencies and/or investors in connection with all of the foregoing.

5.04 Amendments and Waivers

No amendment to this Guarantee will be valid or binding unless set forth in writing and duly executed by the Guarantor and the Lender. No waiver of any breach of any provision of this Guarantee will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

5.05 Severability

If any provision of this Guarantee is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

5.06 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and may be given by delivery or by facsimile, addressed to the recipient as follows:

To the Guarantor:

1717 - 10 Ave. SW
Calgary AB
T2T 3H 3X2

Facsimile No.:

Attention:

SONG SONG LI

To the Lender:

MCAP Financial Corporation
4th Floor, 200 King St. West,
Toronto, Ontario M5H 3T4

Facsimile No:

(416) 598-2996

Attention:

Commercial Servicing Department

or such other address, individual or facsimile number as may be designated by notice given by any party to the other. Any demand, notice or other communication given by delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by facsimile, on the day of transmittal thereof if given on a Business Day (as defined in the Mortgage) or on the next Business Day if given by facsimile on a day that is not a Business Day.

5.07 Discharge

The Guarantor will not be discharged from any of its obligations hereunder except by a release or discharge signed in writing by the Lender.

5.08 Governing Law

This Guarantee will be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

5.09 Headings

The division of this Guarantee into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Guarantee. The terms, "hereof", "hereunder", and similar expressions refer to this Guarantee and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Guarantee.

5.10 Extended Meanings

In this Guarantee words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

5.11 Definitions

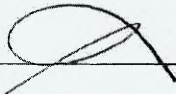
Any capitalized terms herein not defined in this Guarantee shall take the meaning given to them in the Mortgage or Loan Documents.

5.12 Executed Copy

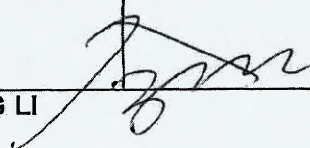
The Guarantor acknowledges receipt of a fully executed copy of this Guarantee.

IN WITNESS WHEREOF the Guarantor has signed and delivered this Guarantee.

Witness

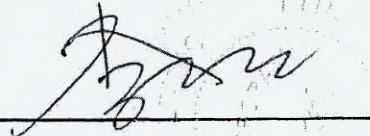


SONG SONG LI



LEEF LIVING LTD.

Per



Per

GUARANTEES ACKNOWLEDGMENT ACT
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

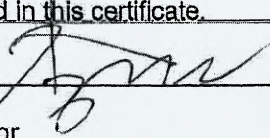
- 1 SONG SONG LI, the guarantor in the guarantee dated the 24 day of September, 2018 made between SONG SONG LI and MCAP FINANCIAL CORPORATION, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he/she had executed the guarantee.
- 2 I satisfied myself by examination of the guarantor that he/she is aware of the contents of the guarantee and understands it.

CERTIFIED by Sandra F. Albus (print name), Lawyer at the City of Calgary, in the Province of Alberta, this 24 day of September, 2018.


SIGNATURE

STATEMENT OF GUARANTOR

I am the person named in this certificate.

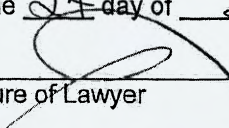

SONG SONG LI
Signature of Guarantor

LAWYER CERTIFICATION

I, Sandra F. Albus the aforesaid Lawyer certify that:
(print name)

- (a) the aforesaid guarantor signed the Statement of Guarantor in my presence; and
- (b) the acknowledgement to which the above Certificate refers was either:
 - (i) made in Alberta, and I am an active member of The Law Society of Alberta, other than an honorary member, who has not been suspended;
 - or
 - (ii) made in a jurisdiction other than Alberta, and I am a lawyer entitled to practice law in that jurisdiction.

Dated the 24 day of September, 2018.


Signature of Lawyer

This is **Exhibit "J"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



Tax Certificate

Roll Number: 11422

Certificate #: 28728

Fee: \$25.00

Your File #: 29633-235

Requested By

CASSELS BROCK & BLACKWELL LLP
2200 - 885 WEST GEORGIA STREET
HSBC BUILDING
VANCOUVER BC CANADA V6C 3E8

Municipal Address

1717 MOUNTAIN AVENUE

Property Description

PLAN 5263HV BLOCK 1 LOT 8 NE 217'

Statement for tax year 2020

<u>Taxes Levied To Date</u>	<u>Penalty</u>	<u>Current Owing</u>
\$0.00	\$415.66	\$415.66

Statement Of Account

<u>Year</u>	<u>Taxes</u>	<u>Penalty</u>	<u>Outstanding</u>
2017	\$8,313.13	\$0.00	\$8,313.13
2016	\$0.00	\$0.00	\$0.00
2015 and prior	\$0.00	\$0.00	\$0.00
Total Taxes Owing and billed at time of certification :			\$8,728.79

Current Year Installment Breakdown

Preauthorized Payment Amount : Not Enrolled

Last Preauthorized Payment Date : August 15, 2006

<u>Previous Year Taxes Levied</u>	<u>Water/Sewer Balance</u>
2019 \$16,263.02	\$0.00

<u>Code</u>	<u>Description</u>	<u>Amount</u>	<u>Expires</u>
--------------------	---------------------------	----------------------	-----------------------

I hereby certify that, subject to the following qualifications, this statement shows:

1. All arrears of taxes returned to this office and due against the property described herein.
2. The current amount of taxes levied to date on the real property described herein and the amount of current year's and prior years taxes owing as the date of certification.

Tax Officer

TAX PENALTY STRUCTURE BYLAW 2016-20

CURRENT TAXES:

5% penalty is applied the 2nd business day after the annual property tax due date;

6% penalty is applied the 1st business day of August;

7% penalty is applied the 1st business day of September;

TAX ARREARS:

4.5% penalty is applied on the 1st day of each month: January, April, July & October until paid in full.

Certified as at:

1/8/2020

For an abstract of any encumbrance other than taxes, apply to the registrar, Land Titles Office, Calgary, Alberta

Levies not yet calculated are not reflected on this tax certificate

Please note that the annual property tax due date is the **last business day** of June



Property Assessment Information

Property Assessment information is listed below.

Current Assessment for Tax Roll 11422

No Current Assessment Found

Historical Assessments for Tax Roll 11422

<div>2019</div> <div>Land & Buildings - Commercial</div> <div>Annual Taxable</div>	Assessment Value \$1,465,200.00
--	---------------------------------

New Search

Return To Main Menu

Bornstein, Jeremy

From: Utilities <Utilities@canmore.ca>
Sent: Wednesday, January 08, 2020 5:16 PM
To: Konechny, Tiffany
Subject: RE: Tax Certificate - Tax Roll 11422
Attachments: UT Arrears Letter - 1142201.03-1759255ALB01.pdf; UT Arrears Letter - 1142200.03-1759255ALB01.pdf; UT Arrears Letter - 1142200.02 -1759255ALB01.pdf; UT Arrears Letter - 1142201.04-1759255ALB01.pdf

Good Afternoon Tiffany,

Further to our discussion, I can confirm that total tax balance of \$8,728.79 is due from the transfer of utility arrears to the tax roll (utility transfers plus January tax penalty).

I did confirm with Eric Harvie's Law Office in Banff, AB, that when the property was purchased in 2018, 1759255 Alberta Ltd. was responsible for the final utility bills under the previous owner's name as they were credited for this in the Statement of Adjustments, but the utility balances had been outstanding since the sale despite reaching out for payment multiple times.

I have had no contact from 1759255 Alberta Ltd. regarding their utility accounts. I have sent them multiple letters and emails prior to completing the arrears transfers in December 2019. I have attached the final utility arrears notices they were sent prior to the December 2019 transfers.

I hope this helps answer your questions, please let me know if you have any more.

Thank you,

JaNae Sheppard

Tax and Utility Department
Town of Canmore
water@canmore.ca
403.678.7134 office
www.canmore.ca

From: Konechny, Tiffany <tkonechny@cassels.com>
Sent: Wednesday, January 8, 2020 2:43 PM
To: Taxes <Taxes@canmore.ca>
Subject: Tax Certificate

Cassels

TIFFANY KONECHNY

Paralegal
t: +1 778 372 6778
e: tkonechny@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 2200, HSBC Building, 885 West Georgia St.
Vancouver, BC V6C 3E8 Canada



Town of Canmore
902 - 7th Avenue
Canmore Alberta T1W3K1
Phone: 403.678.1500
www.canmore.ca

UTILITY ARREARS NOTICE

1759255 ALBERTA LTD.
1717 MOUNTAIN AVE
CANMORE AB T1W 2W1
CANADA

MAIL DATE
Nov 12, 2019

TRANSFER DATE
Dec 13, 2019

UTILITY ACCOUNT
1142200.02

MUNICIPAL ADDRESS
1717 MOUNTAIN AVENUE

Notification of impending transfer of utility account arrears to the propertytax account

Our records indicate that your Town of Canmore utility account (water, sewer, garbage, recycling) is in arrears.

Please be advised that the total outstanding balance on your utility account will be transferred to your property tax account if not paid by the transfer date indicated above.

An additional transfer fee of \$50 will be applied to property tax account at the time of transfer. Penalties will apply to the balance on the tax roll per Tax Penalty Bylaw 2016-20.

See reverse for payment options. Please contact the utility department with confirmation that the payment has been made in full.

Accounts not kept current will result in automatic transfer of future arrears to the property tax account. No further notification will be provided.

*If you believe that you have received this notification in error, please contact the utilities department:
water@canmore.ca 403.678.7134*

Town of Canmore
902 - 7th Avenue
Canmore Alberta T1W3K1
Phone: 403.678.1500
www.canmore.ca

UTILITY ACCOUNT
1142200.02

CURRENT BALANCE
\$261.41

1759255 ALBERTA LTD.
1717 MOUNTAIN AVE
CANMORE AB T1W 2W1
CANADA

AMOUNT PAID



Town of Canmore
902 - 7th Avenue
Canmore Alberta T1W3K1
Phone: 403.678.1500
www.canmore.ca

UTILITY ARREARS NOTICE

1759255 ALBERTA LTD.
1717 MOUNTAIN AVE
CANMORE AB T1W 2W1
CANADA

MAIL DATE
Nov 12, 2019

TRANSFER DATE
Dec 13, 2019

UTILITY ACCOUNT
1142200.03

MUNICIPAL ADDRESS
1717 MOUNTAIN AVENUE

Notification of impending transfer of utility account arrears to the propertytax account

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Accounts not kept current will result in automatic transfer of future arrears to the property tax account. No further notification will be provided.

*If you believe that you have received this notification in error, please contact the utilities department:
water@canmore.ca 403.678.7134*

Town of Canmore
902 - 7th Avenue
Canmore Alberta T1W3K1
Phone: 403.678.1500
www.canmore.ca

UTILITY ACCOUNT
1142200.03

CURRENT BALANCE
\$4,703.95

1759255 ALBERTA LTD.
1717 MOUNTAIN AVE
CANMORE AB T1W 2W1
CANADA

AMOUNT PAID



Town of Canmore
902 - 7th Avenue
Canmore Alberta T1W3K1
Phone: 403.678.1500
www.canmore.ca

UTILITY ARREARS NOTICE

1759255 ALBERTA LTD.
1717 MOUNTAIN AVE
CANMORE AB T1W 2W1
CANADA

MAIL DATE
Nov 12, 2019

TRANSFER DATE
Dec 13, 2019

UTILITY ACCOUNT
1142201.03

MUNICIPAL ADDRESS
1717 MOUNTAIN AVENUE

Notification of impending transfer of utility account arrears to the propertytax account

Our records indicate that your Town of Canmore utility account (water, sewer, garbage, recycling) is in arrears.

Please be advised that the total outstanding balance on your utility account will be transferred to your property tax account if not paid by the transfer date indicated above.

An additional transfer fee of \$50 will be applied to property tax account at the time of transfer. Penalties will apply to the balance on the tax roll per Tax Penalty Bylaw 2016-20.

See reverse for payment options. Please contact the utility department with confirmation that the payment has been made in full.

Accounts not kept current will result in automatic transfer of future arrears to the property tax account. No further notification will be provided.

*If you believe that you have received this notification in error, please contact the utilities department:
water@canmore.ca 403.678.7134*

Town of Canmore
902 - 7th Avenue
Canmore Alberta T1W3K1
Phone: 403.678.1500
www.canmore.ca

UTILITY ACCOUNT
1142201.03

CURRENT BALANCE
\$490.80

1759255 ALBERTA LTD.
1717 MOUNTAIN AVE
CANMORE AB T1W 2W1
CANADA

AMOUNT PAID



Town of Canmore
902 - 7th Avenue
Canmore Alberta T1W3K1
Phone: 403.678.1500
www.canmore.ca

UTILITY ARREARS NOTICE

1759255 ALBERTA LTD.
1717 MOUNTAIN AVE
CANMORE AB T1W 2W1
CANADA

MAIL DATE
Nov 12, 2019

TRANSFER DATE
Dec 13, 2019

UTILITY ACCOUNT
1142201.04

MUNICIPAL ADDRESS
1717 MOUNTAIN AVENUE

Notification of impending transfer of utility account arrears to the propertytax account

Our records indicate that your Town of Canmore utility account (water, sewer, garbage, recycling) is in arrears.

Please be advised that the total outstanding balance on your utility account will be transferred to your property tax account if not paid by the transfer date indicated above.

An additional transfer fee of \$50 will be applied to property tax account at the time of transfer. Penalties will apply to the balance on the tax roll per Tax Penalty Bylaw 2016-20.

See reverse for payment options. Please contact the utility department with confirmation that the payment has been made in full.

Accounts not kept current will result in automatic transfer of future arrears to the property tax account. No further notification will be provided.

If you believe that you have received this notification in error, please contact the utilities department: water@canmore.ca 403.678.7134

Town of Canmore
902 - 7th Avenue
Canmore Alberta T1W3K1
Phone: 403.678.1500
www.canmore.ca

UTILITY ACCOUNT
1142201.04

CURRENT BALANCE
\$3,967.21

1759255 ALBERTA LTD.
1717 MOUNTAIN AVE
CANMORE AB T1W 2W1
CANADA

AMOUNT PAID

Bornstein, Jeremy

From: Konechny, Tiffany
Sent: Wednesday, January 08, 2020 5:39 PM
To: Bornstein, Jeremy
Cc: Yard, Tammy
Subject: RE: Searches - Alberta land titles; Calgary property tax searches and Alberta PPR searches - file no. TBD
Attachments: RE: Tax Certificate - Tax Roll 11422

Hi Jeremy,

I spoke with the tax department and they have advised that property taxes for the year 2017 have been paid. That is unfortunately just a statement error in their system and they are looking into this with their IT department to have the "year" dates updated on the tax certificates.

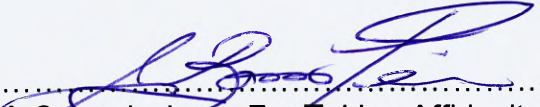
Please see screenshot below provided by the tax department for your reference:

Roll #	11422	<input type="checkbox"/> Penalty Exempt	
No. of Post Dated Cheques	0	<input type="checkbox"/> PreAuthorized Payment	
Post Dated Cheque Total	\$0.00	Plan ID	
Last Penalty Date	1/1/2020	Payment Amount	\$0.00
Last Penalty Amount	\$415.66	# of Customers Attached	0
Penalty Year To Date	\$415.66	Enrolment Date	0/0/0000
		Last Payment Date	8/15/2006
Taxation Year	2020		
Last Levy Date	0/0/0000		
Final Levy Status			
Last Interim Levy Date	0/0/0000		
Interim Levy Status			
Last Supplemental Levy	0/0/0000		
Discounts Year To Date	\$0.00	2020 >	\$415.66
Assessment Date	3/15/2019	2019	\$8,313.13
Last Assess Notice Date	3/5/2019	2018	\$0.00
Last Accum Daily Int. Date	0/0/0000	2017	\$0.00
Last Date Arrears Letter Printed	6/25/2018	< 2016	\$0.00
		Pending	\$0.00
		Totals	\$8,728.79

The amount of \$8,728.79 is due from the transfer of utility arrears to the tax roll. Please see attached email from the tax department as to the same. It appears that they have reached out for payment multiple times but have been unsuccessful in receiving a response.

Kind regards,
Tiffany

This is **Exhibit "K"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



Cassels

December 12, 2019

Via Email Ben.Li@leefliving.com
& Courier Xiaoling@gmail.com

joliver@cassels.com
tel: +1 403 351 2921
fax: +1 403 648 1151
file # 29633-235

1759255 Alberta Ltd.
1717 10th Avenue SW
Calgary, Alberta, T3C 0K1

-and-

204, 2635 – 37 Avenue NE
Calgary, Alberta, T1Y 5Z6

Leef Living Ltd.
204, 2635 – 37 Avenue NE
Calgary, Alberta, T1Y 5Z6

Song Song Li
7107 – 26 Avenue SW
Calgary, Alberta, T1Y 3X2

Dear Sir or Madam:

Re: First Mortgage Loan securing real property with the municipal address of 1717 Mountain Avenue, Canmore, Alberta, legally described as Plan Canmore 5263HV, Block One (1), The North East Two Hundred and Seventeen (217) Feet of Lot Eight (8), Excepting Thereout All Mines and Minerals and certain personal property thereon (the "Property")

We are counsel to MCAP Financial Corporation (the "**Lender**").

We refer you to:

- (a) a credit agreement between 1759255 Alberta Ltd. (the "**Borrower**") and the Lender dated September 12, 2018 as amended and confirmed by an agreement dated September 20, 2018 (collectively, and as amended, the "**Credit Agreement**");

We also refer you to:

- (a) a guarantee in an unlimited amount between the Lender, Leef Living Ltd. and Song Song Li (collectively, the "**Guarantors**") dated September 24, 2018 (the "**Guarantee**");

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f: 403 648 1151
cassels.com

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Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5 Canada

- (b) a first-in-priority Mortgage in the principal amount of \$2,418,750 (the "**Mortgage**") and General Assignment of Leases and Rents dated September 20, 2018 (the "**Assignment**"), both registered in favour of the Lender as against the Borrower in the Alberta Land Title office on November 10, 2018 under registration numbers 181 220 070 and 181 220 071, respectively;
 - (c) a general security agreement between the Lender and Borrower dated September 20, 2018 (the "**GSA**"); and
 - (d) Indemnity Agreement between the Lender and Guarantors dated September 24, 2018.
- (collectively, the "**Security**")

Pursuant to the Credit Agreement, the Lender advanced to the Borrower the principal sum of \$2,418,750, which amount was secured as against the Property pursuant to the Mortgage and GSA. As at December 10, 2019, the amount outstanding under the Credit Agreement is \$2,401,914.80 (the "**Indebtedness**"), which sum includes principal, interest accrued and legal fees as at December 10, 2019. This payout amount is valid until December 20, 2019. After December 20, 2019, further per diem interest of \$409.45 is payable to the date of payment.

Please be advised that the Borrower has committed events of default under the terms of the Credit Agreement by, *inter alia*:

- (a) failing to pay any amount when due thereunder, which amount currently totals \$41,155.08, comprised of the following:

Principal Arrears	\$7,301.09
Interest Arrears	\$24,226.97
Late Interest to December 10, 2019	\$128.64
Per diem late interest from December 10, 2019 until paid - \$5.36	
Outstanding Tax Component	\$4,265.38
Returned Payment Fee	\$800.00
Funds in Suspense	(\$67.00)
Arrears as of December 10, 2019	\$36,655.08
Admin Fee	\$1,500.00
Total Arrears as of December 10, 2019	\$38,155.08
Legal Fees	\$3,000.00
Total Arrears and Legal Fees	<u>\$41,155.08</u>

- (b) the occurrence of a material adverse change relating to the Borrower or the risk associated with the loan or operation of the Borrower or the Guarantors.
- (collectively, the "**Events of Default**").

In accordance with the Credit Agreement and the Security (including the Mortgage, Assignment and GSA), as a result of the Events of Default, the Lender may declare all amounts due and payable under the Credit Agreement, after which such amounts shall become immediately due and payable in full. As a result of the above noted Events of Default, the Lender hereby declares all amounts owing to it pursuant to the Credit Agreement due and payable, in full, and hereby demands the payment of the Indebtedness.

The Guarantors have guaranteed the repayment of all amount owing to the Lender under the Guarantee and Indemnity. The Lender hereby demands payment in full of the Indebtedness by the Guarantors in accordance with the Guarantee and Indemnity. Interest on the Indebtedness has accrued and will continue to accrue to the date of payment at the rate set out in the Credit Agreement. The exact amount of the Indebtedness and interest which will have accrued to any date of payment shall be obtained by contacting the Lender. You will also be required to pay the Lender's legal and other expenses in connection with the Indebtedness.


Please be advised that if payment or arrangements satisfactory to the Lender are not made within 10 days of the date of this letter, the Lender will take whatever steps it deems necessary to recover the outstanding obligations of the Borrower including, without limitation, to enforce the Security, including but not limited to the Mortgage, Assignment and GSA.

Enclosed is a Notice of Intention to Enforce Security addressed to 1759255 Alberta Ltd. and issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada). Should you wish to consent to the immediate enforcement by the Lender of its Security, please sign the consent and waiver below and return it to the attention of the undersigned at your earliest convenience.

The Lender expressly reserves its rights to proceed with the enforcement of its rights and remedies under the security held by the Lender at any time, without further notice to you, if it becomes aware of any circumstances that might prejudice its position.

Yours truly,

Cassels Brock & Blackwell LLP



Jeffrey Oliver
Partner

JO
Enclosure
cc: Client

ACKNOWLEDGEMENT AND CONSENT

The undersigned hereby acknowledges receipt of a Notice of Intention to Enforce Security issued by the Lender pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) in respect of the Security granted in favour of the Lender and hereby consents to the Lender enforcing its Security prior to the expiry of the 10 day period stipulated in such notice. 1759255 Alberta Ltd. hereby waives all cure periods to which it may be entitled.

1759255 ALBERTA LTD.

Per: _____

Name:

Title:

**NOTICE OF INTENTION TO ENFORCE SECURITY UNDER SECTION 244(1) OF
THE *BANKRUPTCY AND INSOLVENCY ACT* (CANADA)**

TO: 1759255 Alberta Ltd. (the "**Debtor**")

Take notice that:

1. Under section 244(1) of the *Bankruptcy and Insolvency Act* (Canada), MCAP Financial Corporation (the "**Secured Party**") intends to enforce its security on the Debtor's property and assets described below:
 - (a) lands and premises legally described as:

Plan Canmore 5263HV
Block One (1), the North East Two Hundred and Seventeen (217) Feet of
Lot Eight (8)
Excepting thereout all mines and minerals;

(the "**Property**")
 - (b) all present and after-acquired personal property of the Debtor relating to the Property; and
 - (c) all rents and other amounts payable to the Debtor from the Property, and all other associated rights and benefits.
2. The security that is to be enforced is in the form of:
 - (a) a Mortgage in the principal amount of \$2,418,750 dated September 20, 2018 registered in the Alberta Land Title office on November 10, 2018 in favour of the Lender under registration number 181 220 070;
 - (b) a General Assignment of Leases and Rents dated September 20, 2018 registered in the Alberta Land Title office on November 10, 2018 in favour of the Lender under registration number 181 220 071; and
 - (c) a general security agreement between the Lender and Borrower dated September 20, 2018 (the "**GSA**")

(collectively, the "**Security**").
3. The amount of indebtedness secured by the Security as at December 10, 2019 is \$2,401,914.80 plus interest and costs to the date of payment.

4. The Secured Party will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

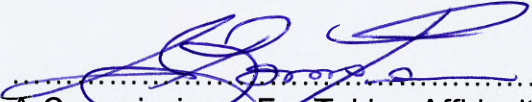
Dated December 12, 2019

MCAP FINANCIAL CORPORATION, by its
solicitors **CASELS BROCK & BLACKWELL
LLP**

By: 

Name: Jeffrey Oliver
Title: Partner

This is **Exhibit "L"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



Serial Number	262251175	Posting Date	06/JAN/2020	Amount	CAD	29,000.00
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ORDERING CUSTOMER

Name 1759255 ALBERTA LTD.

Source of Funds ACCOUNT 2515 1991-754

QUOTED RATE & EXCHANGE
N/A

BENEFICIARY

Name MCAP FINANCIAL CORPORATION

Address 400 - 200 KING STREET WEST

City TORONTO

Province ONTARIO

Postal Code M5H 3T4

Country CANADA

BENEFICIARY BANK

Bank Name BANK OF MONTREAL

Address 100 KING STREET WEST

City TORONTO

Province ONTARIO

Postal Code M5X 1A3

Country CANADA

Bank ID CC-000100010

CORRESPONDENT BANK

Bank Name CANADIAN FINANCIAL INSTITUTIONS

Code 9500000

DETAILS OF PAYMENT

Notify by Phone NO

Regular Number

Credit Account YES Account 00101250078

Pay on Application & Identification YES

Remittance Information

WIRE TRANSFER AGREEMENT

In consideration of the Bank of Montreal (the "Bank") processing and receiving wire transfers from time to time for our account, we agree as follows:

We acknowledge that the Bank is not responsible for and warrants to hold harmless from and against any and all charges, expenses, losses, errors, damages, costs or inconvenience caused by us or any other person in connection with any delay or failure of performance due to causes beyond the control of the Bank, including, but not limited to, the loss or omission of the invoice or other documents, or the failure of other financial institutions or systems failures respecting the processing and receipt of Transfers. The Bank is not liable to us or any other person for monetary loss or payment to or from us or any person arising out of the processing of any Transfer, unless caused solely by the negligence or willful misconduct of the Bank.

We acknowledge that the Bank may, in the execution of a Transfer in the event of a system failure, be subject to the applicable rules applicable to the Bank in any clearing system used to effect the Transfer, including, but not limited to, the rules of the clearing system. We acknowledge that the Bank and other financial institutions involved in processing Transfers may be subject to the rules of the clearing system. We do not seek to confirm whether the number (s) specified correspond with the name of the payee or the payee's financial institution provided in the payment order and are not required to verify the information contained in the payment order. The payee may be required to provide identification to the satisfaction of the paying financial institution.

Transfers executed by the Bank are irrevocable. If the Bank shall use its best efforts to request a return of funds upon our instructions, the Bank cannot guarantee a return of funds or a return of funds without charge or fee to us. If the Bank is able to obtain a return of funds, the Bank will credit our account less any applicable charges or fees, at the bank's current rate of exchange (where a current exchange is requested by us) on the date such credit is made. The funding account number information may be provided to the beneficiary's financial institution as requested by the Transfer.

We agree to pay any charges or fees and to reimburse the Bank for any fees or deductions charged by other financial institutions, including but not limited to withholding or other taxes, interest and penalties, which may be paid by the Bank, in connection with any Transfers. We acknowledge that other financial institutions may charge or deduct a fee for processing Transfers (including for interbank transfers and connections) and that the Bank may receive remuneration from the other financial institutions.

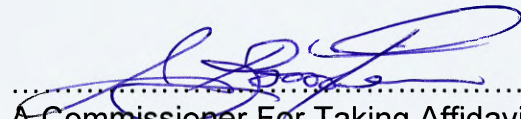
Transfers are subject to the applicable laws, regulations and local laws and regulations of the destination country, including Canada.

Customer Signature

D. LEUNG
CompletedA. Thomas
Authorized by

Customer Copy

This is **Exhibit "M"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



Cassels

January 8, 2020

Via Email Ben.Li@leefliving.com
& Courier Xiaoling@gmail.com

joliver@cassels.com
tel: +1 403 351 2921
fax: +1 403 648 1151
file # 29633-235

1759255 Alberta Ltd.
1717 10th Avenue SW
Calgary, Alberta, T3C 0K1

-and-

204, 2635 – 37 Avenue NE
Calgary, Alberta, T1Y 5Z6

Leef Living Ltd.
204, 2635 – 37 Avenue NE
Calgary, Alberta, T1Y 5Z6

Song Song Li
7107 – 26 Avenue SW
Calgary, Alberta, T1Y 3X2

Dear Sir or Madam:

Re: First Mortgage Loan securing real property with the municipal address of 1717 Mountain Avenue, Canmore, Alberta, legally described as Plan Canmore 5263HV, Block One (1), The North East Two Hundred and Seventeen (217) Feet of Lot Eight (8), Excepting Thereout All Mines and Minerals and certain personal property thereon (the "Property")

We write further to our correspondence of December 12, 2019, where, among other things, the Lender demanded repayment for all amounts due and owing to it.

As previously described, as at December 10, 2019, the amount outstanding under the Credit Agreement and currently due and payable in full is \$2,401,914.80, inclusive of principal, interest and legal fees up to such date. Interest and all other amounts properly due and owing under the Credit Agreement and Mortgage, including without limitation fees and disbursements relating to legal and project management costs continue to accrue after December 10, 2019.

On January 6, 2020, Mr. Ben Li provided wire confirmation that \$29,000 was paid and advised us that the remaining amounts due and owing would be paid shortly. The Lender has confirmed that the bank account information on the wire transmission form provided by Mr. Li was not the

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f: 403 648 1151
cassels.com

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Calgary, AB T2P 5C5 Canada

correct account information for the Lender. To date no amounts have been received by the Lender since the Demand Letter and NITEs were issued.

Notwithstanding that the full amount of the Indebtedness is currently properly due and owing, if the Borrower were to make a payment in respect of regular principal and interest arrears outstanding as of January 7, 2020, the amount owing in this regard would be \$56,217.90, which includes principal, interest, taxes, NSF fees and admin fees up to such date. This amount does not include any legal fees or any other amounts properly due and owing under the Credit Agreement and Mortgage that have accrued and continue to accrue prior to and after January 7, 2020.

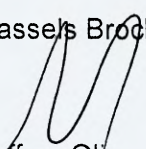
We have been instructed by the Lender to book and have booked Court time with the Court of Queen's Bench in Calgary at 10:00am on January 22, 2020 to bring a receivership application over all the assets, undertaking and property of the Borrower relating to the Property, including without limitation over the Property itself. Materials in this regard will be served in due course. Please advise if you intend to retain legal counsel.

All capitalized terms used herein and not otherwise defined have the meaning given to them in the Lender's December 12, 2019 correspondence.

The Lender reserves all rights.

Yours truly,

Cassels Brock & Blackwell LLP



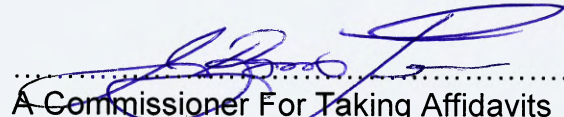
Jeffrey Oliver
Partner

JO

cc: Client

LEGAL*49500293.2

This is **Exhibit "N"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



Bornstein, Jeremy

From: Leefliving <ben.li@leefliving.com>
Sent: Thursday, January 09, 2020 9:43 AM
To: Comstock, Richard; Oliver, Jeffrey
Cc: xiaoling@gmail.com; Bornstein, Jeremy; George Mejury; Ifti Rashid
Subject: Re: MCAP Financial re 1759255 Alberta Ltd., Leef Living Ltd. & Song Song Li; Our file no.: 29633-235

Jeffery

I already checked with BMO, that \$29,000 wire transfer already been deposited into Mcap account . So we still short another \$22,000 for interest arrears and legal fees.

Apologies for the delayed payment, it's our fault on cash flow management. We spent \$350,000 in the renovation this summer and didn't calculate fee to booking.com and tax into year end cash flow. That cause issues on interest payment.

I have arranged money in this week, and will get the balance paid out before end of January 13,2020. Could you please hold on the legal action and give us one more opportunities to make it right? We really like to keep the loan for long term

Apologies again for all trouble caused by us.

Regards,

Ben

Sent from my iPhone

On Jan 8, 2020, at 9:56 AM, Comstock, Richard <rcomstock@cassels.com> wrote:

Good morning,

On behalf of Jeffrey Oliver, please see the attached.

Kind regards,

<image001.png>

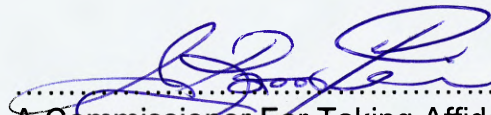
RICHARD COMSTOCK

Legal Assistant
t: +1 403 351 3019
e: rcomstock@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5 Canada

This message, including any attachments, is privileged and may contain confidential information intended only for the person(s) named above. Any other distribution, copying or disclosure is strictly

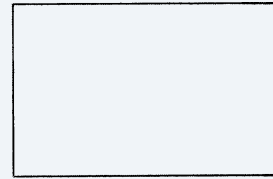
This is **Exhibit "O"** referred to in the affidavit of **George Mejury** sworn before me in the City of Toronto, in the Province of Ontario, Canada this 9th day of January, 2020.



.....
A Commissioner For Taking Affidavits
JEREMY BORNSTEIN LSO# 65425C
Barrister and Solicitor



Clerk's Stamp:



COURT FILE NUMBER
COURT
JUDICIAL CENTRE OF

COURT OF QUEEN'S BENCH OF ALBERTA
CALGARY

PLAINTIFF
(APPLICANT)

MCAP FINANCIAL CORPORATION

DEFENDANT
(RESPONDENT)

1759255 ALBERTA LTD.

DOCUMENT
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT:

CONSENT TO ACT AS RECEIVER

Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3 Street SW
Calgary, Alberta T2P 5C5

Attention: Jeffrey Oliver
Phone: 403-351-2921
Facsimile: 403-648-1151

CONSENT TO ACT

MNP LTD. does hereby consent to act as receiver or receiver and manager of the assets, undertakings and properties of Defendant, 1759255 Alberta Ltd., related to the property municipally known as 1717 Mountain Avenue, Canmore, Alberta pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended.

DATED at Calgary, Alberta, this 8th day of January, 2020.

MNP LTD.

Per:

Vanessa Allen
Senior Vice President