

COURT FILE NUMBER 2303 12261
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF KV CAPITAL INC.
DEFENDANTS JASPER SUMMERLEA SHOPPING CENTER LTD. and JUDY CHEN
DOCUMENT **AFFIDAVIT**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

DLA PIPER (CANADA) LLP
Suite 2700, Stantec Tower
10220 – 103rd Avenue NW
Attn: Jerritt Pawlyk and Kevin Hoy
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Fax: 780.670.4329
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kevin.hoy@dlapiper.com
File No.: 013875-00002

AFFIDAVIT OF COLIN BRENNEIS

Sworn on August 8, 2023

I, Colin Brenneis, of the City of Edmonton, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am the Vice President, Private Mortgages, of the Plaintiff, KV Capital Inc. ("**KV Capital**"), and as such, I have a personal knowledge of the facts and matters hereinafter deposed to except where stated to be on the basis of information and belief, and, where so stated, I verily believe the same to be true.
2. This Affidavit is filed by KV Capital in support of its Application seeking to appoint MNP Ltd. as the receiver manager of all of the business, affairs, assets and undertakings of the Defendant, Jasper Summerlea Shopping Center Ltd. ("**Jasper**").
3. In my capacity as the Vice President, Private Mortgages of KV Capital, I oversee KV Capital's commercial mortgage lending portfolio, which includes the lending facility described herein. In the preparation of this Affidavit, I have reviewed relevant books and records of KV Capital.

Background to Jasper

4. A copy of a corporate profile report obtained from Alberta's corporate registry for Jasper is attached as **Exhibit "A"** to this Affidavit. According to the said corporate profile report, 100% of the voting shares in Jasper are held by Judy Chen ("**Chen**"), an individual Defendant in these proceedings.
5. Jasper is the registered owner of a parcel of real property located at land civically described as 17104 90 Avenue NW, Edmonton, Alberta, and legally described as follows:

PLAN 8220508
BLOCK 30
LOT 9 EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0405 HECTARES (1 ACRE) MORE OR LESS

(the "**Jasper Land**")

6. A certificate of title for the Jasper Land obtained from the Registrar of Titles for Alberta is attached as **Exhibit "B"** of this Affidavit. The Jasper Land is a parcel of urban property of approximately 1 acre in size, zoned as Shopping Centre Zone lands under the City of Edmonton's Land Use Bylaw 12800. It is located immediately to the north of West Edmonton Mall.
7. Jasper's business consists of developing and leasing the Jasper Land, on which two improvements are sited -- specifically, a fast-food restaurant (the "**Restaurant**") and an in-progress construction project of an extended-stay motel comprised of 48 guestrooms (the "**Motel Project**").
8. The Restaurant is leased to its operator, Honeybee Foods (Canada) Corporation ("**Honeybee**"). KV Capital is advised by Chen, and I verily believe it to be true, that Jasper has no involvement in the operation of the Restaurant. A copy of the lease agreement between Jasper and Honeybee (the "**Restaurant Lease**") is attached as **Exhibit "C"** to this Affidavit. The term of the Restaurant Lease expires on January 31, 2032. Current rent payable under the Restaurant Lease is \$233,844.45 *per annum*, plus occupancy costs.
9. The Motel Project is approaching completion, but still requires material works. KV Capital is advised by Chen, and I verily believe it to be true, that progress on the Motel Project is currently stalled and cannot be completed by Jasper without additional capital or financing.

Jasper's credit facility with KV Capital

10. On November 24, 2020, KV Capital provided a commitment letter (the "**Commitment Letter**") to Jasper pursuant to which KV Capital offered to extend a credit facility to Jasper. A copy of the Commitment Letter is attached as **Exhibit "D"** of this Affidavit.
11. Key terms of the Commitment Letter provide as follows:
 - a. KV Capital would allow Jasper to draw up to \$5,500,000 in principal indebtedness;

- b. Interest on indebtedness would correspond to the greater of 8.50% *per annum* or at a variable rate equivalent to the non-mortgage prime lending rate established by TD Canada Trust, plus 6.05%, both prior and subsequent to default or maturity;
 - c. Interest would compound monthly, and not in advance;
 - d. Jasper would make interest only payments for a period of 1-year, after which the lending facility would mature and the whole of interest and principal would come due;
 - e. All financial obligations owing to KV Capital by Jasper would be secured by personal property and mortgage security (the particulars of which are discussed below herein); and
 - f. Chen would serve as the personal guarantor of obligations owing by Jasper to KV Capital.
12. The Commitment Letter expressly contemplated Jasper utilizing advances from KV Capital for the purpose of: (a) refinancing \$2,000,000.00 in indebtedness that had been secured against the Jasper Property by a previous mortgage lender; and (b), allocating \$3,500,000.00 towards the construction costs of the Motel Project.
13. On August 9, 2022, KV Capital and Jasper concluded an amendment (the “**Amendment**”) to the Commitment Letter. A copy of the Amendment is attached as **Exhibit “E”** of this. Amongst other terms, the Amendment increased the value of principal indebtedness under the Commitment Letter to \$6,500,000.00.
14. Between January 28, 2021, and April 19, 2023, KV Capital advanced a total of \$6,500,000.00 (inclusive of amounts allocated towards interest reserve and applicable fees) to Jasper pursuant to the lending terms established under the Commitment Letter, as amended.

Security

15. As continuing security for obligations owing to KV Capital pursuant to the Commitment Letter, KV Capital required Jasper to grant to KV Capital security including, without limitation:
- a. A mortgage dated December 13, 2020, as amended or replaced by a mortgage dated September 14, 2022 (the “**KV Mortgage**”), copies of which are attached, collectively, as **Exhibit “F”** of this Affidavit. The KV Mortgage secures against the Jasper Property principal indebtedness of up to \$6,500,000.00 together with interest thereon and enforcement costs;

- b. An assignment of rents and leases, dated December 13, 2020, as amended or replaced by an assignment of rents and leases dated September 14, 2022, (the “**KV Assignment of Rents**”), copies of which is attached, collectively, as **Exhibit “G”** of this Affidavit; and
 - c. A security agreement, dated December 13, 2020, a copy of which is attached as **Exhibit “H”** of this Affidavit, granting KV Capital a security interest in all of the present and after-acquired personal property of Jasper, together with all proceeds thereof.
16. To facilitate the amendment of the KV Mortgage and KV Assignment of rents (thus allowing KV to make additional advances to Jasper), a third-party mortgagee -- namely, West Edmonton Truckland Ltd. -- agreed to postpone its registered mortgage security to KV Capital. Copies of the said postponements of mortgage are attached, collectively, as **Exhibit “I”** of this Affidavit. I note that the postponements are registered on the title to the Jasper Property.
17. KV Capital perfected its security interest in the personal property of Jasper by way of registration of financing statements in Alberta’s Personal Property Registry (the “**PPR**”). KV Capital registered a security interest in the PPR against the present and after-acquired personal property of the Debtors on December 16, 2020. A copy of a PPR report evincing the registration of KV Capital’s financing statement concerning its personal property security against Jasper is attached as **Exhibit “J”** of this Affidavit. Regarding the PPR report, I note that the registration of KV Capital ranks subordinate only to a single registration of Ford Credit Canada Company, which lists only a 2020 Ford F-150 as collateral.

Default and demand

18. Jasper is in default of its financial obligations owing to KV Capital pursuant to the Commitment Letter, as amended. On June 19, 2023, the Chief Executive Officer for KV Capital issued a demand to Jasper for immediate payment of the full balance outstanding owing to KV Capital. A copy of the said demand is attached as **Exhibit “K”** of this Affidavit.
19. As of June 19, 2023, the indebtedness owing to KV Capital equalled \$6,679,729.40, with interest accruing on that amount at a *per diem* rate of \$2,318.08 (the “**Indebtedness**”). The Indebtedness to KV Capital has increased since that time given the ongoing accumulation of interest and KV Capital having begun to incur enforcement costs against Jasper in these proceedings. Subsequent prime lending rate increases and compounding have likewise increased the *per diem* rate.
20. KV Capital conveyed to Jasper a Notice of Intention to Enforce Security made under section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, at the same time it made its June 19, 2023, demand. The said notice is appended to the demand, exhibited herein.

21. Based on ongoing discussions between KV Capital and Chen concerning the relationship between KV Capital and Jasper, it is my understanding, and I verily believe it to be true, that Jasper has no immediate ability to retire the Indebtedness.

Necessity of the Proposed Receiver's Appointment

22. KV Capital and its counsel at DLA Piper (Canada) LLP have spoken with MNP Ltd. (the "**Proposed Receiver**") in connection with a potential engagement for the Proposed Receiver to act as receiver manager in these proceedings, if so appointed by this Honourable Court. The Proposed Receiver has executed a Consent to Act as Receiver concerning such prospective appointment in these proceedings, a copy of which is attached as **Exhibit "L"** of this Affidavit.
23. I reiterate paragraph 21 above and further state that, based on discussions between KV Capital and Chen, it is my understanding, and I verily believe it to be true, that Jasper has no ability to obtain additional financing or to raise additional capital necessary to complete the Motel Project. As a result of the foregoing, KV Capital has lost confidence in the ability of Jasper to retire the Indebtedness, complete the Motel Project, or to ensure that necessary resources are available to preserve and protect the Motel Project.
24. KV Capital has determined that completing the Motel Project will require significant capital expenditures. On August 4, 2023, KV Capital obtained an estimate from a general contractor for the anticipated cost to complete the Motel Project. The said estimate showed anticipated costs to complete the motel project of slightly over \$2,000,000.00.
25. KV Capital is concerned that, without completing the Motel Project enforcement against the Property by way of mortgage enforcement or other proceedings will yield an unfavourable result for both KV Capital and the other stakeholders of Jasper. KV Capital is concerned that, if sold with an in-progress construction project that is not yet fit for its intended purpose, the Jasper Property will yield a sale value significantly less than Jasper Property inclusive of the completed Motel Project. Furthermore, KV Capital is concerned about the marketability of the Jasper Property given the status of the Motel Project. KV Capital does not wish to incur the risk of degradation to the Jasper Property's value as result of a lengthy exposure period in a sales process conducted in mortgage enforcement proceedings.
26. Accordingly, KV Capital wishes to allow for the potential completion of the Motel Project (thereby maximizing the value derived from the sale of the Jasper Property) by appointing the Proposed Receiver under the draft Receivership Order endorsed by Jasper and proffered by KV Capital in its present Application. Accordingly, the draft Receivership Order calls for a material Receiver's Borrowing Charge in the amount of \$2,200,000.00 -- i.e., roughly the anticipated cost to complete the Motel Project, plus \$200,000.00 to account for professional costs.

27. For greater certainty, KV Capital does not purport to be in a position to direct the Proposed Receiver to complete the Motel Project or to instruct it to conclude any specific engagement with any general contractor should the Proposed Receiver determine that completion of the Motel Project is the appropriate means by which to maximize the value of the Receivership Estate of Jasper.
28. Given that KV Capital has already advanced funds in the aggregate amount of the principal \$6,500,000.00 secured by the KV Mortgage, KV Capital is unable to advance additional funds to allow for the completion of the Motel Project and retain its first-priority security position against the Jasper Property.
29. I further note that KV Capital has not yet exercised its rights under the KV Assignment of Rents to begin collecting rents under the Restaurant Lease. In the event that KV Capital were to exercise such rights it would, in any event, be necessary for KV Capital to hire a property management firm to collect rents and oversee the obligations of the landlord under the Restaurant Lease. The Proposed Receiver, if appointed, will be able to fulfill this role in lieu of a third-party property management company.

Conclusion

30. In summary of the foregoing, I verily believe it to be true for the reasons canvassed above that:
 - a. Jasper is insolvent;
 - b. Jasper is are unable to repay the Indebtedness;
 - c. it will be necessary for KV Capital to realize upon its security in the Jasper Property in order to satisfy the Indebtedness; and
 - d. the appointment of a receiver manger is required to maximize the value of the Property for the benefit of Jasper, KV Capital, and Jasper's other stakeholders.

[Space Intentionally Left Blank - Execution to Follow on Next Page]

31. I make this Affidavit in support of the present Application by KV Capital to appoint MNP Ltd. as receiver manager of Jasper and for no other or improper purpose.

SWORN BEFORE ME at City of Edmonton, in
the Province of Alberta, on the 8th day of
August, 2023.

John Alex MacDonald
A Commissioner for Oaths in and for the
Province of Alberta



COLIN BRENNEIS

John MacDonald
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

This is **Exhibit A** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Alex Mitchell

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

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

Date of Search: 2023/07/05
 Time of Search: 09:35 AM
 Search provided by: DLA PIPER (CANADA) LLP
 Service Request Number: 40062257
 Customer Reference Number: 106178-00056

Corporate Access Number: 2011480809
Business Number: 854737970
Legal Entity Name: JASPER SUMMERLEA SHOPPING CENTER LTD.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2005/01/18 YYYY/MM/DD
Date of Last Status Change: 2018/08/30 YYYY/MM/DD

Revival/Restoration Date: 2018/08/30 YYYY/MM/DD

Registered Office:

Street: 11442 - 142 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5M1V1

Records Address:

Street: 11442 - 142 STREET
City: EDMONTON
Province: ALBERTA
Postal Code: T5M1V1

Email Address: RASPC@TELUSPLANET.NET

Primary Agent for Service:

| Last Name | First Name | Middle Name | Firm Name | Street | City | Province | Postal Code | Email |
|-----------|------------|-------------|---|--------------------|----------|----------|-------------|-----------------------|
| SPEIDEL | ROBERT | A. | ROBERT A SPEIDEL PROFESSIONAL CORPORATION | 11442 - 142 STREET | EDMONTON | ALBERTA | T5M1V1 | RASPC@TELUSPLANET.NET |

Directors:

Last Name: CHEN
First Name: JUDY
Street/Box Number: 11026 128 ST NW
City: EDMONTON
Province: ALBERTA
Postal Code: T5M0W6

Voting Shareholders:

Last Name: CHEN
First Name: JUDY
Street: 11026 128 ST NW
City: EDMONTON
Province: ALBERTA
Postal Code: T5M0W6
Percent Of Voting Shares: 100

Details From Current Articles:**The information in this legal entity table supersedes equivalent electronic attachments**

Share Structure: AS PER ATTACHED SCHEDULE "A".
Share Transfers Restrictions: AS PER ATTACHED SCHEDULE "B".
Min Number Of Directors: 1
Max Number Of Directors: 7
Business Restricted To: N/A.
Business Restricted From: N/A.
Other Provisions: AS PER ATTACHED SCHEDULE "C".

Associated Registrations under the Partnership Act:

| Trade Partner Name | Registration Number |
|--------------------|---------------------|
| JS SHOPPING CENTER | TN11497765 |
| TRENDI PLACE | TN21905898 |

Other Information:**Last Annual Return Filed:**

| File Year | Date Filed (YYYY/MM/DD) |
|-----------|-------------------------|
| 2023 | 2022/12/14 |

Filing History:

| List Date (YYYY/MM/DD) | Type of Filing |
|------------------------|---|
| 2005/01/18 | Incorporate Alberta Corporation |
| 2018/03/02 | Status Changed to Start for Failure to File Annual Returns |
| 2018/07/02 | Status Changed to Struck for Failure to File Annual Returns |
| 2018/08/30 | Initiate Revival of Alberta Corporation |
| 2018/08/30 | Complete Revival of Alberta Corporation |
| 2020/02/18 | Update BN |
| 2021/02/17 | Change Address |

2022/12/14

Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

| Attachment Type | Microfilm Bar Code | Date Recorded (YYYY/MM/DD) |
|---|---------------------------|-----------------------------------|
| Share Structure | ELECTRONIC | 2005/01/18 |
| Restrictions on Share Transfers | ELECTRONIC | 2005/01/18 |
| Other Rules or Provisions | ELECTRONIC | 2005/01/18 |

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 B** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Mac Donald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0011 600 681 8220508;30;9 052 052 793

LEGAL DESCRIPTION
PLAN 8220508
BLOCK 30
LOT 9
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.405 HECTARES (1 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;25;52;28;NE

MUNICIPALITY: CITY OF EDMONTON

REFERENCE NUMBER: 982 271 848

| REGISTERED OWNER(S) | | | | | |
|---------------------|------------|------------------|------|-------|----------------|
| REGISTRATION | DATE (DMY) | DOCUMENT | TYPE | VALUE | CONSIDERATION |
| 052 052 793 | 09/02/2005 | TRANSFER OF LAND | | | SEE INSTRUMENT |

OWNERS

JASPER SUMMERLEA SHOPPING CENTER LTD.
OF 11026-128 STREET NW
EDMONTON
ALBERTA T5M 0W6
(DATA UPDATED BY: CHANGE OF ADDRESS 222201380)

ENCUMBRANCES, LIENS & INTERESTS

| REGISTRATION | DATE (D/M/Y) | PARTICULARS |
|--------------|--------------|--|
| NUMBER | | |
| 752 137 803 | 03/10/1975 | UTILITY RIGHT OF WAY GRANTEE - THE CITY OF EDMONTON. AS TO PORTION OR PLAN:7521348 |
| 192 083 927 | 11/04/2019 | CAVEAT RE : LEASE INTEREST CAVEATOR - 1170844 ALBERTA LTD. C/O VERHAEGHE LAW OFFICE |

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

052 052 793

REGISTRATION

| NUMBER | DATE (D/M/Y) | PARTICULARS |
|-------------|--------------|--|
| | | 203, 10525-170 ST EDMONTON ALBERTA T5P4W2 AGENT - GEORGE SAMIA |
| 202 005 584 | 08/01/2020 | UTILITY RIGHT OF WAY GRANTEE - ATCO GAS AND PIPELINES LTD. |
| 202 029 532 | 06/02/2020 | UTILITY RIGHT OF WAY GRANTEE - EPCOR DISTRIBUTION & TRANSMISSION INC. AS TO PART DESCRIBED |
| 202 285 269 | 23/12/2020 | UTILITY RIGHT OF WAY GRANTEE - TELUS COMMUNICATIONS INC. |
| 212 006 275 | 09/01/2021 | MORTGAGE MORTGAGEE - KV CAPITAL INC. SUITE 101 1290 91 STREET SW EDMONTON ALBERTA T6X0P2 ORIGINAL PRINCIPAL AMOUNT: \$5,500,000 |
| 212 006 276 | 09/01/2021 | CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - KV CAPITAL INC. MESSRS. SWAINSON MIKI PESKETT LLP BARRISTERS & SOLICITORS 2800, 10104 103 AVENUE NW EDMONTON ALBERTA T5J0H8 AGENT - JILL L A SHEWARD |
| 212 040 144 | 09/02/2021 | CAVEAT RE : LEASE INTEREST CAVEATOR - 1907273 ALBERTA LTD. ATTN BALBIR JASSAR 6735-12 AVENUW SW EDMONTON ALBERTA T6X1L2 AGENT - ALISHA GROSE |
| 212 211 463 | 29/09/2021 | CAVEAT RE : LEASE INTEREST CAVEATOR - OUTFRONT MEDIA CANADA GP CO. 100, 17420 STONY PLAIN ROAD NW EDMONTON ALBERTA T5S1K6 AGENT - ARA L MCKEE |

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

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052 052 793

REGISTRATION

| NUMBER | DATE (D/M/Y) | PARTICULARS |
|-------------|--------------|--|
| 222 121 335 | 28/05/2022 | MORTGAGE MORTGAGEE - 1756282 ALBERTA LTD. MORTGAGEE - WEST EDMONTON TRUCKLAND LTD. BOTH OF: 16806 - 118 AVENUE NW EDMONTON ALBERTA T5V1N8 ORIGINAL PRINCIPAL AMOUNT: \$5,700,000 (DATA UPDATED BY: 222124259) |
| 222 201 087 | 10/09/2022 | MORTGAGE MORTGAGEE - WEST EDMONTON TRUCKLAND LTD. 16806 - 118 AVENUE NW EDMONTON ALBERTA T5V1N8 ORIGINAL PRINCIPAL AMOUNT: \$1,500,000 |
| 232 022 511 | 20/01/2023 | MORTGAGE MORTGAGEE - KV CAPITAL INC. SUITE 101 1290 91 STREET SW EDMONTON ALBERTA T6X0P2 AS JOINT ACCOUNT ORIGINAL PRINCIPAL AMOUNT: \$6,500,000 |
| 232 022 512 | 20/01/2023 | CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - KV CAPITAL INC. SWAINSON MIKI PESKETT LLP 2800, 10104-103 AVE NW EDMONTON ALBERTA T5J0H8 AGENT - JILL L A SHEWARD |
| 232 121 493 | 18/04/2023 | POSTPONEMENT OF MORT 222201087 TO MORT 232022511 CAVE 232022512 |
| 232 121 494 | 18/04/2023 | POSTPONEMENT OF MORT 222121335 TO MORT 232022511 CAVE 232022512 |

TOTAL INSTRUMENTS: 015

(CONTINUED)

PENDING REGISTRATION QUEUE

PAGE 4

052 052 793

| DRR NUMBER | RECEIVED DATE (D/M/Y) | CORPORATE LLP TRADENAME | LAND ID |
|------------|-----------------------|---|--------------|
| E003UZF | 24/04/2023 | SWAINSON MIKI PESKETT LLP 780-809-7824 CUSTOMER FILE NUMBER: 82937-1007/JLAS | |
| 001 | | DISCHARGE | 8220508;30;9 |
| 002 | | DISCHARGE | 8220508;30;9 |

TOTAL PENDING REGISTRATIONS: 001

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 2 DAY OF JUNE, 2023 AT 09:11 A.M.

ORDER NUMBER: 47403791

CUSTOMER FILE NUMBER: 106178-00056



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).

IF MORE INFORMATION IS REQUIRED ON A PENDING REGISTRATION WHERE THE CONTACT INFORMATION DISPLAYS N/A PLEASE EMAIL LTO@GOV.AB.CA.

This is **Exhibit C** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

B&M Comments: November 29, 2016

THIS LEASE AGREEMENT IS MADE IN EDMONTON, ALBERTA

DATED As of November 1, 2016

BETWEEN

JASPER SUMMERLEA SHOPPING CENTRE LTD.

A body corporate having an office
In the City of Edmonton,
In the Province of Alberta
(hereinafter referred to as "Landlord")

OF THE FIRST PART

- AND -

HONEYBEE FOODS (CANADA) CORPORATION

A body corporate having an office
In the City of Vancouver,
In the Province of British Columbia
(hereinafter referred to as "Tenant")

OF THE SECOND PART

SECTION 1

INTENT OF LEASE

1.01 It is the intent of this Lease, and agreed to by both parties hereto that except as otherwise expressly set out herein, each and every cost, expense, rate, tax or charge in any way related to the Demised Premises, and to the Tenant's share of occupancy costs (all as hereinafter defined) will be borne by the Tenant without any variation, set-off or deduction whatsoever.

1.01.01 Structural repairs are defined in Section 7 hereof.

SECTION 2

2.01 The Landlord represents and warrants (and acknowledges that the Tenant has relied on these representations in entering into this Lease):

(a) that it has good title, in fee simple, to those lands legally described as Plan 8220508, Block 30, Lot 9 Excepting Thereout all Mines and Minerals, (hereinafter called the "**Lands**"), and that no consent is required from any other party to permit the Landlord to enter into this Lease;

(b) that the use of the Demised Premises contemplated in Section 8.01 of this Lease is permitted by applicable zoning by-laws, and is covered by all appropriate permits and licenses (other than those specific to the Tenant's use thereof); and

(c) there is no restriction, whether public or private, prohibiting the use of the Demised Premises for commercial and restaurant use.

2.02 The Landlord & Tenant acknowledge that Jordan Murray and Brett Killips, associates of Cushman & Wakefield Edmonton (the "**Brokerage**") have disclosed that the Brokerage (including its broker, associate brokers, and agents) represents the interests of the Landlord as the Landlord's Agent with the full knowledge and consent of all parties to this transaction. All commissions owing to the Brokerage (including its broker, associate brokers, and agents) in respect of this Lease and any renewals thereof shall be paid by the Landlord, and the Landlord shall indemnify, defend and hold harmless Tenant from and against any and all liabilities, claims, actions, causes of action, losses, damages, costs and/or expenses resulting from or relating to same.

SECTION 3

LEASED PREMISES

3.01 Witnesseth that for and in consideration of the rents, covenants, agreements and conditions hereinafter reserved and performed, the Landlord has demised and leased and by these presents both demise and lease onto the Tenant the portion of the said building on the main floor thereof comprising a useable area of **6,681.27 square feet** more or less as shown on Schedule "A" hereto, as shown in the certificate prepared by Geodetic Surveys & engineering Ltd. dated October 5, 2016, including all fixtures, equipment, and furnishing located therein, (hereinafter called the "**Demised Premises**") and known municipally as:

17118- 90 Avenue, Edmonton, Alberta T5T 4C8

3.02 The Landlord agrees that during the term of the Lease, the Tenant and its employees, agents, customers, and invitees of the Tenant shall have the rights set forth in Schedule "B" hereto annexed, subject and except as in this Lease provided.

SECTION 4

TERM

4.01 To have and to hold the Demised Premises for and during the term of fifteen years and three months to be computed from the 1st day of November, 2016 (hereinafter referred to as "the commencement date") to and including the 31st day of January, 2032 (hereinafter referred to as the "termination date"). It is understood that all provisions of this Lease, including but not limited to payment of Rent shall apply if the Tenant is delayed in opening, but in no event shall any delay in opening constitute a default hereunder on the part of the Tenant.

4.02 At any time and from time to time after the commencement date, and upon ten (10) days prior notice, the Tenant shall promptly execute, acknowledge and deliver to the Landlord a written statement in the form annexed hereto as Schedule "D", or in such other form as the Landlord may reasonably require. Such statement, when so executed, acknowledge and delivered, shall be deemed to be incorporated in and become a part of this Lease.

4.03 If the Tenant shall continue to occupy the Demised Premises after the expiration of the term hereby granted, or any renewal or extension thereof, or sooner determination of this Lease, and without any further written agreement, the Tenant shall be a monthly tenant only at a monthly rent equal to 125% percent of the Minimum Rent and additional rent payable hereunder on the same terms and conditions as are herein contained excepting as to the termination date, unless the Landlord or Tenant are in good faith negotiations to extend the term of this Lease, in which event the monthly rent equal to 100% percent of the Minimum Rent and additional rent payable hereunder.

4.04 The Tenant shall have the right to extend the term of this Lease for four (4) five (5) year extension terms pursuant to the provisions of Section 2 of Schedule "F".

SECTION 5

RENT

5.01 YIELDING AND PAYING THEREFORE unto the Landlord, at such place or places as the Landlord shall designate from time to time in writing, for each and every year of the term hereby granted an annual rent as follows:

For the period November 1, 2016 through to and including October 31, 2021, the sum of Two Hundred and Seventeen Thousand One Hundred Forty One Dollars Twenty-Eight Cents (**\$217,141.28**) per annum payable in equal consecutive monthly installments of Eighteen Thousand Ninety Five Dollars and Eleven Cents (**\$18,095.11**),

For the period November 1, 2021 through to and including January 31, 2026, the sum of Two Hundred and Thirty Three Thousand Eight Hundred and Forty Four Dollars and Forty-Five Cents (\$233,844.45) per annum payable in equal consecutive monthly installments of Nineteen Thousand and Four Hundred Eighty Seven Dollars and Thirty-Eight Cents (\$19,487.038),

For the period February 1, 2026 through to and including January 31, 2031, the sum of Two Hundred and Fifty Thousand Five Hundred and Forty Seven Dollars and Sixty-Three Cents (\$250,547.63) per annum payable in equal consecutive monthly installments of Twenty Thousand and Eight Hundred Seventy Eight Dollars and Ninety-Seven Cents (\$20,878.97),

(hereinafter referred to as the "**Minimum Rent**").

The Tenant shall pay to the Landlord in advance on the first day of each month commencing on the commencement date, the Minimum Rent by equal monthly payments determined by dividing the annual Minimum Rent in the current year of this Lease by twelve (12).

5.02 For any period during which the Tenant carries on business under the terms of this Lease and which period is less than a month, the Minimum Rent and all occupancy costs shall be payable on a per diem basis, calculated on the basis of a Three Hundred and Sixty Five (365) day year, and for all purposes of this Section 5.

5.03 The Landlord acknowledges receipt of a security deposit the ("**Security Deposit**") in the sum of One Hundred Thousand dollars (\$100,000.00), which payment shall be held by the Landlord, without liability for interest, which may be applied by the Landlord during the first 26 months of the term to performance of all of the covenants and obligations of the Tenant under this Lease, provided that said Security Deposit shall, to the extent not so applied, be applied against the installments of Minimum Rent falling due for the 13th, 14th, 119th and 120th months of the term hereof and thereafter the remainder of the Security Deposit, if any, shall forthwith be returned to the Tenant, and thereafter no further security deposit shall be required. If the remainder of the Security Deposit is not returned to the Tenant forthwith following the end of the 76th month of the Term, the Tenant may advise the Landlord that it shall be applied, until exhausted, against future Rent owing.

5.04 The Tenant shall be responsible for all liabilities for utilities consumed within its premises and all other occupancy costs commencing on November 1, 2016.

SECTION 6

OCCUPANCY COSTS

6.01 Occupancy costs as referred to in this Lease shall, without restricting the generality of the foregoing, be and consist of all costs, charges and expenses in respect of the Demised Premises and the entire premises incurred in each calendar year during the term hereof including:

6.01.01 The cost of gas, oil, power, electricity, water, sewer communications and all other utilities and services, together with the direct cost of administering such utility services; provided that non-exclusive utility costs may, at the discretion of the Landlord, be apportioned by the Landlord in cases where, in the opinion of the Landlord, the consumption of any utility is heavier in one or more of the rentable premises by reason of the business carried on in such premises;

6.01.02 The cost of servicing and maintaining all heating, air-conditioning (if any), plumbing, electrical (including light fixtures) and other machinery and equipment, excluding cost of any replacement of machinery and equipment;

6.01.03 The cost of real property, local improvement and school taxes, rates and charges, charged, levied, or rated by any competent authority, and the cost of all appeals against increased assessments for purposes of such taxes, rates and charges (the costs of which for 2016 are estimated to \$12.00 psf (\$6681.27/month));

6.01.04 The cost of all business, machinery or other taxes, charges of license fees which are charged, levied or rated by any competent authority, and the cost of all appeals against increased assessments for purpose of such taxes, charges and license fees;

6.01.05 The cost of all insurance (including any deductibles payable by the Landlord) required to be placed and maintained by the Landlord pursuant to the provisions of Section 12.02 and any further and additional insurance placed and maintained by the Landlord with respect to the entire premises;

6.01.06 Amortization of the cost of installation of capital investment items which are primarily for the purpose of reducing operating costs or which may be required by governmental authority. Such costs shall be amortized over the reasonable life of the capital investment items, with the reasonable life and amortization schedules to be determined in accordance with generally accepted accounting principles and in no event shall it extend beyond the reasonable depreciable life of the said building. In the case of installation for the purpose of reducing operating costs the Landlord shall provide a cost benefit justification for its practicality;

6.01.07 The proportionate share of the cost to the Landlord for installing and maintaining a directory listing board respecting the said building;

6.01.08 The proportionate share of the cost to the Landlord for maintaining the parking area and the landscaping of the Lands;

6.01.09 All costs of operating the entire premises (subject to paragraph 7.02 hereof), including the cost of cleaning, janitorial service, signage, removing snow and garbage from, servicing, maintaining, operating, repairing, replacing, supervising and policing the common areas and the costs of all supplies, labor wages (including statutory or usual fringe benefits) and fees to independent contractors relating thereto, the cost of depreciation at generally acceptable rates and practice of machinery, equipment and fixtures which by their nature require periodic replacement or sub sequential replacement.

Occupancy costs shall exclude:

- (i) all leasing expenses, real estate brokers fees, solicitors' fees, leasing commissions, advertising and space planners fees and costs or legal and other related expenses incurred in connection with the leasing of the Lands or any part thereof; and in connection with negotiations or disputes with tenants, or prospective tenants in the Lands;
- (ii) interest and principal on mortgages and capital cost allowance on the Lands;
- (iii) any ground rentals;
- (iv) the cost of improvements made for particular tenants or contributions from the Landlord to tenants in respect of the same;
- (v) any income taxes, corporation taxes or other such taxes personal to the Landlord;
- (vi) interest, costs or penalties incurred as a result of late payment of amounts due by the Landlord unless the Landlord is or was bona fide disputing such amounts due, or unless such late payment was caused or contributed to by the Tenant;
- (vii) the amount of any sales tax, harmonized sales tax, goods and services tax, value added tax or any similar tax paid or payable by the Landlord on the purchase of goods and services included in occupancy costs, where the amount of such tax is received by the Landlord as a credit or offset in determining Landlord's net tax liability or refund on account of such tax;
- (viii) costs of major structural improvements to the original construction of the Development or in connection with any major change in the Development not relating to operations and management, such as, by way of example, adding floors;
- (ix) the cost of painting, decorating, or of providing special cleaning services for any occupant of any space in the Lands, other than the Demised Premises;
- (x) contributions to charitable organizations;

(xi) all bad debt loss, rent loss or reserves for bad debt or rent loss; and

(xii) all net recoveries on account of an expense previously included in occupancy costs received by the Landlord from third parties or from tenants as a result of any act, omission, default, or negligence of such tenants or provisions in their respective leases (other than recoveries from such tenants under clauses in their respective leases requiring their contribution to occupancy costs), and there shall be deducted from occupancy costs:

(xiii) proceeds of insurance actually recovered by the Landlord applicable to damage, to the extent of the corresponding cost of repair which was included in Operating Costs.

6.02 The Tenant shall, during the term hereof, pay all occupancy costs for the Demised Premises on the following basis.

6.02.01 The Tenant shall promptly pay all occupancy costs which are provided to and billed, apportioned or metered, charged, levied or rated directly to the Tenant in respect of the Demised Premises, together with the costs of servicing, maintaining and replacing all equipment, and machinery providing such services. In the event that any such occupancy costs are charged to and paid by the Landlord, the Tenant shall forthwith upon demand reimburse the Landlord for the full amount of any such payments made by the Landlord on behalf of the Tenant;

6.02.02 Subject to the foregoing provisions of paragraph 6.02.01, the Tenant shall in respect of any of the occupancy costs referred to herein, pay only its proportionate share of such occupancy costs which occupancy costs are to be determined by multiplying the total occupancy costs by the fraction which has as its numerator, the useable square foot area of the floor area of the Demised Premises and as its denominator the total useable square footage of the said building; PROVIDED HOWEVER, and notwithstanding the foregoing and subject always to the provisions of paragraph 6.01.5, it is agreed that:

- (a) in the event the Tenant has special requirements respecting some of the items making up the occupancy costs, or uses a disproportionate amount of some of the items making up the occupancy costs commensurate therewith ascertained by the Landlord;
- (b) in the event that the building is multi-use building the Landlord shall have the right to allocate and attribute some or all items making up occupancy costs on an equitable and consistent basis having regard, without limitation, to:
 - (i) the various intended uses of premises within the building;
 - (ii) the cost of construction and improvement of such premises;
 - (iii) the relationship of the location and the area of such premises in the building to other premises in the building, and the Tenant

will pay an increased allocation of occupancy costs commensurate with the Landlord's equitable allocation.

6.03 The Landlord shall apply all of the monies received by the Landlord on account of occupancy costs towards the payment of occupancy costs as defined in this Lease, subject always to the right of the Landlord to withhold payments in respect of the accounts, rates, levies or assessments which the Landlord in good faith disputes.

6.04 The Landlord shall at all times do all things necessary maintain, repair and replace the Building as would a prudent Landlord and provide the Tenant with the services relating to each of the occupancy costs referred to herein, and shall replace the entire roof on the Building within 2 years of the commencement date; PROVIDED HOWEVER, that it is hereby expressly understood and agreed that the Landlord shall not be held in default under this Lease in respect of any of the obligations of the Landlord during any interruption to utility or other services during periods of repair or construction or for any other reason beyond the reasonable control of the Landlord.

6.05 Occupancy costs, or any part thereof, payable by the Tenant during the term hereof (estimated, for 2016, to be approximately \$10.00 per sq ft of useable area), shall be estimated by the Landlord from time to time and the Tenant hereby agrees to pay such sum to the Landlord in equal monthly installments each in advance on the first day of each and every month. The Landlord shall furnish to the Tenant within sixty (60) days after the end of the calendar year, a statement of occupancy costs during the past twelve month during which occupancy costs are payable by the Tenant, such statement to be certified correct by a responsible officer of the Landlord. Within ten (10) days after delivery of such statement, the Landlord or the Tenant (as the case may be) shall make the appropriate adjusting payment in the amount of the difference between the actual occupancy costs that should have been paid on the basis of the occupancy costs set out in such statement. The Tenant or its duly accredited agent may within thirty (30) days after the delivery of the statement, request to obtain a copy of the records in support of the expenses stated in the statement and the Landlord shall, within thirty (30) days furnish such records to the Tenant or its agent. Within ten (10) days after delivery of such records the Landlord or the Tenant (as the case may be) shall make the appropriate adjusting payment in the amount of the difference between the actual occupancy costs that should have been paid on the basis of the supporting records for the occupancy costs. PROVIDED HOWEVER, that in no event shall any such request from the Tenant or response from the Landlord permit the Tenant to delay payment of the occupancy cost as required by this Lease.

6.06 Payments of Rent to the Landlord shall be made by way of electronic funds transfer or direct deposit to the Landlord's account referenced below:

Canadian Western Bank
Acct 101003511597
Transit no:03049

or to such other account that the Landlord shall designate from time to time sent to the address set out in clause 13.06 of this Lease.

6.07 In addition to other payments to be made by the Tenant hereunder the Tenant shall pay to the Landlord within ten (10) days after the Landlord has given to the Tenant notice specifying the amount thereof:

6.07.01 An amount equal to the excess (if any) in the taxation rate for separate schools over the above the taxation rate for public schools in the event that the Tenant designates that any taxes payable by the Tenant be directed toward support of separate schools;

6.07.02 An amount equal to any increase in taxes payable by reason of any installation or alteration made in upon or to the Demised Premises or to the business operations conducted upon the Demised Premises;

6.07.03 An amount equal to any increase in the occupancy costs of the entire premises directly attributed to any installation in or upon the Demised Premises or to the business operations conducted upon the Demised Premises;

6.07.04 An amount equal to all professional fees incurred by the Landlord in the enforcement of the Tenant's covenants under this Lease and in respect of the recovery of any insurance claims on behalf of the Tenant and all costs incurred or sums paid by the Landlord or any tenant or tenants or other occupants of the entire premises by reason of any breach of the Tenant's covenants to be performed and observed by the Tenant pursuant to the terms of this Lease;

6.07.05 Any and all sums payable by the Tenant to the Landlord pursuant to Section 7 and any Schedule hereto.

6.08 In addition to other payments to be made by the Tenant hereunder, the Tenant shall pay all business, sales, equipment, machinery or other taxes, charges and license fees levied or imposed by any competent authority in respect of the personal, business, sales, equipment, machinery or income of the Lease.

6.09 All sales taxes on rents or other taxes imposed on the Landlord in respect of the rents payable to the Landlord by Tenants of the buildings or in respect of the rental of space in the building to such tenants.

6.10 Where any occupancy costs or additional payment or charge is payable for portion of a month, such occupancy costs, additional payment or charge shall be payable on a per diem basis which shall be one three hundred and sixty-fifth (1/365th) of the annual occupancy costs or additional payment or charge estimated by the Landlord, subject to the adjustment as provided herein.

SECTION 7

PREPARATION OF DEMISED PREMISES, REPAIRS AND MAINTENANCE

7.01 The Tenant acknowledges that the Demised Premises are accepted "as is where is" and save for the Landlord's obligations as set out in Part B of Schedule "E" attached hereto, all finishes of any nature whatsoever to the Demised Premises are to be completed by the Tenant at the Tenant's sole cost and expense in strict accordance with the provisions of Schedule "E":

7.01.01 The Tenant shall in addition to the covenants as aforesaid and during the term hereof maintain in the Demised Premises hand fire extinguishers acceptable to governmental authorities having jurisdiction with respect thereto and first-class fixtures and furniture appropriate for the Tenant's business and the general character of the Demised Premises.

7.02 The Tenant agrees to obtain the prior written approval of the Landlord as to the nature of such fixtures and the layout thereof in the Demised Premises before installing the same:

7.02.01 Such installation shall not damage the structure of the said building;

7.02.02 The charge for and the cost of any and all damage to the said building resulting from such installation will be paid for the Tenant;

7.02.03 Such installation shall not contravene the provisions of paragraph 7.06, and;

7.02.04 Provided that the Tenant is not then in default beyond any applicable cure periods, the Tenant shall have the right during the term and prior to the expiration of this Lease to remove such furniture and trade fixtures and its improvements. In any event the Landlord may, at its option, require the removal of some or all such furniture or trade fixtures. In either event, the Tenant shall make good any damage or injury caused to the Demised Premises or the entire premises by reason of such removal. The Tenant's obligation to fulfill his covenant shall survive the expiration or sooner determination of the term of this Lease and any extensions thereof.

7.03 Save as expressly limited by paragraph 7.04 , the Tenant shall at all times during the term of this Lease and any extensions thereof and at its sole cost and expense, well, properly and sufficiently repair, decorate, maintain and keep the Demised Premises with all appurtenances in good and substantial repair (including, without limiting the generality of the foregoing, repair or replace signs, inside and outside glass windows, partitions and doors and light bulbs, tubes, ballasts and starters) (excluding normal wear and tear, perils for which the Landlord is insured), and to the end that the same shall at all times be kept in good and tenantable condition.

7.04 The Landlord shall, during the term of this Lease and any extensions thereof, at its own cost and expense, make all necessary structural repairs, both exterior and interior, save due to the act, default or negligence to the Tenant, its employees agents or invitees. For greater clarify the term "structural repairs" shall

only include repairs to the perimeter load bearing walls and foundations of said building. The Landlord shall, during the term of this Lease and any extensions thereof, ensure that snow is removed promptly from the parking lot and driveways on the Lands. The Landlord acknowledges and agrees that snow removal is critical to the operation of the Tenant's business. If the Landlord does not undertake and complete reasonable snow removal within 24 hours of the appearance of same, the Tenant shall have the right to retain its own contractors to remove such snow, and set-off the cost against Rent owing to the Landlord the cost of such snow removal. Under no circumstances may snow be piled on the Property by the Landlord or the Tenant or those acting for them - it must be removed from the Property;

7.04.01 The Landlord shall be entitled to make changes or additions to the pipes, conduits and ducts or other installations in the Demised Premises where necessary to serve other portions of the entire premises but shall not unreasonably interfere with the use and enjoyment of the Demised Premises, and shall make good any resulting damage to the Demised Premises. The Landlord shall, in addition, be entitled to make such changes or additions to the said building and the entire premises as the Landlord may in its sole discretion deem necessary or desirable;

7.04.02 For the purpose of this paragraph 7.04, and of Schedule "B" annexed hereto, the Landlord shall have the right to enter into and upon and attach scaffolds or other temporary fixtures to or in the Demised Premises;

7.04.03 Without restricting the generality of the foregoing, at any time and from time to time during the term of this Lease and any extensions thereof, the Landlord, its employees, servants, agents and contractors shall have the right to enter into and upon the Demised Premises on reasonable notice to the Tenant, for the purpose of installation, maintenance or replacement of improvements, fixtures, machinery or equipment in the rentable premises on the floor immediately above the Demised Premises, if applicable. In carrying on any of the foregoing work, the Landlord shall ensure that such work does materially interfere with the Tenant's ability to conduct its business in an efficient and effective manner and its other rights under this Lease.

7.05 The Tenant covenants with the Landlord that the Landlord together with workman may enter and view the state of repair of the Demised Premises on reasonable notice to the Tenant (except in the event of an emergency, in which event not notice shall be required) and that the Tenant will repair the Demised Premises in accordance with its repair obligations hereunder according to notice in writing received from the Landlord subject to exceptions aforesaid. In the event that the Tenant refuses or neglects to repair as properly required hereunder and to the reasonable satisfaction of the Landlord within thirty (30) days or such longer period as may be reasonably required in the circumstances to cure such default after notice by the Landlord to the Tenant reasonably specifying the details of the failure and requiring the failure to be remedied or without notice, in an emergency, the Landlord may make such repairs at such time and in such manner so as not to unreasonably interfere with the use by the Tenant. If the Landlord determines, acting reasonably, that any repair that might in any manner affect the structure of

the Demised Premises or the said building, or electrical, mechanical (including heating and air-conditioning if any), plumbing or telephone facilities, equipment, machinery, connections, wiring, pipes, ducts, or other paraphernalia, and is the responsibility of the Tenant to perform pursuant to the provisions hereof, then the Landlord may, at its sole option, perform or cause to be performed such repairs. Upon completion of any such repairs and upon presentation of an invoice therefore the Tenant shall pay the Landlord's costs for overhead and supervision, all as additional rent. The said invoice shall, if not paid within ten (10) days, provide for interest at the rate being equal to the greater of:

- (a) Six (6%) percent per annum, or
- (b) Six (6%) percent per annum in excess of the prime rate of interest from time to time charged by the Toronto Dominion Bank.

7.06 The Tenant may at any time, and from time to time, at its sole expense, make such changes, alterations or improvements to the interior and exterior of the Demised Premises, and may paint and decorate the interior of the Demised Premises, in such manner as shall in the judgment of the Tenant better adapt the same for the purpose of its business, may remove the cinderblock trash bin enclosure on the west side of the Demised Premises and may, subject to compliance with applicable laws, install an outdoor patio on the Lands adjacent Demised Premises with sufficient seating to accommodate the Tenant's customers, and a drive through on the west side of the Lands or in the west side of the Demised Premises with a covered area at pickup window in the Demised Premises (which may involve a partial demolition of a portion of the Demised Premises or cutting in to the grassed area of the Lands to accommodate same) provided that:

7.06.01 No changes, alterations, additions or improvements shall be made without the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed;

7.06.02 All changes, alterations, additions and improvements shall comply with all statutes, regulations, by-laws, specifications or requirements of any municipal, provincial, federal or other authority; and

7.06.03 The Tenant shall observe all the provisions of the Lease relating to fire regulations and insurance policies; and

7.06.04 The Landlord may, at its option direct the removal of any changes, alterations, additions and improvements that are non-standard in nature, in which event the Tenant shall comply with such direction not later than the date of termination of this Lease and the Tenant shall make good any damage or injury caused to the Demised Premises or the entire premises by reason of such removal. The Tenant's obligation to fulfill this covenant shall survive the expiration or sooner determination of this Lease.

In the event that the Tenant determines not to install a drive-through, it shall have the right to the exclusive use of 5 parking stalls, adjacent to the west side of the Demised Premises, for its grab and go customers.

7.06.05 The Tenant shall not under any circumstances, whether in respect of changes, alterations, additions and improvements to the Demised Premises pursuant to paragraph 7.06, or work performed pursuant to paragraph 7.01 or otherwise permit any lien, caveat, encumbrance or charge to be filed against the title to the entire premises, and shall forthwith cause to be discharge any lien which may be filed.

7.07 Upon the expiration or sooner termination of the tenancy hereby created, the Tenant covenants;

7.07.01 To surrender the Demised Premises in the same condition as the Demised Premises were in upon delivery or possession thereto under this Lease, reasonable wear to tear, and damage by fire, storm, tempest or other casualty not due to the negligence of Tenant, its employees or agents only excepted. Notwithstanding the foregoing, the Tenant will not be obligated to remove, restore or pay the Landlord for the removal of: (i) any leasehold improvements forming part of the Tenant's initial work; and/or (ii) any other leasehold improvements located in the Demised Premises upon termination or expiration of this Lease unless such leasehold improvements are nonstandard in nature or were constructed without the prior written approval of the Landlord. For clarification, the Landlord will identify, at the time the Landlord reviews and provides approval of the Tenant plans, all leasehold improvements that are non-standard in nature that may be required to be removed by the Tenant;

7.07.02 To surrender all keys for the Demised Premises to the Landlord, at the place then fixed for payment of rent, and shall inform the Landlord of all combinations on locks, safes and vaults, if any, in the Demised Premises; and

7.07.03 That subject to the provision of 7.06.04 and 7.02.04, all changes, alterations, additions and improvements to and upon the Demised Premises and which in any manner are affixed to the Demised Premises shall remain upon the Demised Premises and become the property of the Landlord.

7.08 The Tenant agrees that it will not allow any refuse, garbage, or other loose or objectionable material to accumulate in or about the Demised Premises or the entire premises and will at all times keep the Demised Premises in clean and wholesome condition. The Tenant further covenants that at the time of termination of the tenancy it will leave the Demised Premises in a clean and tidy condition.

7.09 The plumbing facilities shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage, or damage shall be borne by the Tenant, who shall, or whose employees, agents, licensees or invitees shall, have caused it.

7.10 The Tenant shall give the Landlord prompt written notice of any accident or defect in the plumbing, water, pipes, heating and/or air-conditioning apparatus, electrical equipment, conduits or wires, or of any damage or injury to the Demised Premises or any part thereof however caused provided that nothing herein shall be construed so as to require repairs to be made by the Landlord, except as expressly provided in this Lease.

SECTION 8

CONDUCT OF BUSINESS

8.01 The Tenant covenants that the Demised Premises shall be used and occupied for the purpose of operating a restaurant under the name Jollibee or any other trade name used by the Tenant or any of its Affiliates, including, without limiting the generality of the foregoing, Red Ribbon and Smashburger.

8.01.01 The Tenant covenants to operate and conduct its business upon the whole of the Demised Premises in an up-to-date, high-class and reputable manner befitting the entire premises throughout the whole of the term of the Lease and any renewals or extensions, provided that the Tenant may, at its discretion cease to operate from the Demised Premises during public holidays);

8.01.02 The Tenant shall not use or permit the use of the Demised Premises, or any part thereof, for sleeping purposes;

8.01.03 The Tenant will not permit any auction, fire or bankruptcy sales to be conducted in the Demised Premises without first obtaining the written consent of the Landlord.

8.02 The Tenant covenants that it will carry on and conduct all businesses from time to time carried on upon the Demised Premises in such a manner as to comply with all statutes, by-laws, rules and regulations of any Dominion, Provincial, Municipal or other competent authority for the time being in force and shall not do anything upon the Demised Premises in contravention of any of them. The Landlord covenants and agrees that the Demised Premises shall be in compliance with all environmental laws as of the commencement date.

8.03 The Tenant shall not erect or install any exterior signs or any interior window or door signs or advertising media or window or door lettering or placards without the prior written consent of the Landlord, not to be unreasonably withheld or delayed, to be installed and maintained at the sole cost of the Tenant. The Landlord acknowledges and agrees that the Tenant shall be permitted to erect signage on the roof of the Demised Premises (including mascot signage) and grand opening banners and pull away roadside sign, all in compliance with applicable laws.

The Tenant shall not use any advertising media that the Landlord shall deem objectionable to it or other tenants, outside phonographs, broadcasts or telecasts in a manner to be heard or seen outside the Demised Premises. The Tenant shall not install any exterior lighting or plumbing, fixtures, shades, awnings, exterior decorations, or painting or build any fence, serial or mast, or make any change to the front of the Demised Premises without the previous written consent of the Landlord, not to be unreasonably withheld or delayed. The Tenant shall indemnify and save harmless the Landlord from all claims, demands, loss or damage to any person or property arising out of such sign or any other installation. The Landlord shall grant the Tenant the exclusive right to representation on the main existing pylon sign (the "**Pylon Sign**") for the Lands, provided that the Tenant shall pay its costs of constructing, supplying and installing its signage on the Pylon Sign, and shall be responsible for ongoing utility, maintenance and other usual operating costs in respect of the Pylon Sign. The Tenant shall have the right, throughout the term at any time and from time to time, to use, repair, replace, and modify the Pylon Sign (which may involve the erection of larger pylon sign than is then in place) at its cost and without the Landlord's consent, subject only to compliance with applicable laws.

8.04 The rules and regulations attached shall in all respects be observed and performed by the Tenant and the employees, agents, invitees and licensees of the Tenant, and all of such rules and regulations now or hereafter in force shall be read as forming part of the terms of this Lease as if the same were embodied herein, (provided that no rule, regulation, amendment or supplement shall contradict or be inconsistent with a provision of this Lease, or interfere with the Tenant's reasonable operation of its business).

8.05 The Tenant shall not suffer nor permit any part of the Demised Premises to be used or occupied by any person, other than the Tenant, and assignee or sub-tenant permitted under this Section 8 and the employees of the Tenant and any such permitted assignee or sub-tenant, or suffer or permit any person to be upon the Demised Premises other than the Tenant, such permitted assignees or sub-tenants and their respective employees, invitees and customers.

8.06 The Tenant shall not assign or mortgage this Lease or sublet the whole or any part of the Demised Premises (except to a Permitted Transferee as herein defined) unless it shall have first requested and obtained and consent in writing of the Landlord, which consent shall no be unreasonably delayed or withheld. In the event the Tenant should desire to assign this Lease or sublet the Demised Premises or any part thereof, the Tenant shall give the Landlord written notice of such desire at least thirty (30) days in advance of the date on which the Tenant desires to make such assignment or sublease specifying in such notice the name of assignee or sub-tenant, the term, the rent and the renewals or extensions, if any, and attaching to the said notice a copy of the assignment of sub-lease, as the case may be. The Landlord shall then have a period of thirty (30) days following receipt of such notice within which to notify the Tenant in writing that the Landlord elects either:

- (a) to permit the Tenant to assign or sublet such space subject, however, to subsequent written approval of the proposed assignee or subleasee

by the Landlord. Reasonable legal and administrative expenses (not to exceed \$1,500) incurred by the Landlord arising from any assignment or sublet shall be paid by the Tenant to the Landlord before the execution of document; or

- (b) to refuse to consent (with cause only) to the Tenant's assignment or subleasing such space and to continue this Lease in full force and effect as to Demised Premises. No assignment or subletting by the Tenant shall relieve the Tenant of any obligation under this Lease.
- (d) Any attempted assignment or sublease by the Tenant in violation of the terms and covenants of this paragraph shall be void.

Notwithstanding anything else contained herein, so long as the Tenant is Honeybee Foods (Canada) Corporation or a Permitted Transferee and the Tenant is not then in default beyond any permitted curative period, then the Tenant shall have the right, without the consent of the Landlord, but upon at least fifteen (15) days' written notice to the Landlord prior to the effective date of the transfer (unless prior written notice contravenes applicable securities legislation or regulations, in which case, the Tenant shall provide written notice as soon as reasonably possible after the effective date of the transfer) to:

- (a) assign this Lease to:
 - (i) a holding corporation, subsidiary corporation or affiliate of the Tenant (as such term is defined in the Canada Business Corporations Act) (an "Affiliate") or a corporation formed as a result of an amalgamation of the Tenant with another corporation or corporations;
 - (ii) a purchaser of substantially all of the Tenant's assets in Canada; or
 - (iii) a purchaser of a majority of the corporate shares of Tenant; and/or
- (b) sublet the Demised Premises to a franchisee of the Tenant, or
- (c) demise and sublet up to 1,500 square feet of the Demised Premises to any other prospective tenant.

(each of the foregoing being hereinafter called a "Permitted Transferee" or a "Permitted Transfer", as the case may be).

SECTION 9

DEFAULT AND TERMINATION

9.01 If, during the term of this Lease, or any extension thereof, any of the goods and chattels of the Tenant on the Demised Premises shall be taken in execution or by attachment by and creditor of the Tenant, or if the Tenant shall make any assignment for the benefit of creditor, or if the Tenant, becoming

bankrupt or insolvent, shall take the benefit of any Act that may be in force for bankrupt or insolvent debtors, or if any order shall be made for the winding up of the Tenant, the then current rent and the rent for the next ensuing three (3) months shall immediately become due and payable, and the Landlord may give the Tenant written notice of intention to end the term of this Lease on the date specified by the Landlord in the said notice (which date shall not be less than fifteen (15) days after the said notice is given) and on the date so specified (if the event of default shall still continue) the term of this Lease and all right, title and interest of the Tenant hereunder shall thereupon expire as fully and completely as if the said date were the date herein specifically fixed for the expiration of the term of this Lease, and the Tenant shall then surrender the Demised Premises and all of its rights to possession as granted hereunder in favor of the Landlord.

9.02 The Landlord should be entitled to distrain for the rent hereby reserved, including accelerated rent, if any, or for any money recoverable by distress upon the goods and chattels of the Tenant wheresoever situate whether located upon the Demised Premises or upon any other premises to which the same may have been removed or wherever the same may be found within the Province of Alberta. Wheresoever the Landlord shall be entitled to levy distress against the goods and chattels of the Tenant it may use such force as it may deem necessary for that purpose and for gaining admittance to the Demised Premises in which such goods and chattels are situated without being liable to any action in respect thereof, or for any loss or damage occasioned thereby and the Tenant hereby expressly releases the Landlord from all actions, proceedings, claims or demands whatsoever for or on account of or in respect of any forcible entry or any loss or damage sustained by the Tenant in connection therewith. The Tenant waives and renounces the benefit of any present or future Act of the Legislature of Alberta taking away or limiting the Landlord's right of distress. The Tenant shall have no claim upon the Landlord for the value of the unexpired term of this Lease.

9.03 It is stipulated and agreed that in the event of termination of this Lease by the Landlord pursuant to default of the Tenant, the Landlord shall forthwith and notwithstanding any other provisions of this Lease, or any rule of law or equity to the contrary, be entitled to recover from the Tenant as a genuine pre-estimate by the parties thereto of the damage suffered by the Landlord and as for liquidated damages, and not as penalty, an amount equal to the rents reserved for the unexpired portion of the term hereby demised. Alternatively, and in the sole discretion of the Landlord, in the event of termination of this Lease by the Landlord pursuant to the provisions hereof, the Landlord may, but shall not be obliged, to re-let the Demised Premises for such rates and on terms and conditions deemed to be reasonable by the Landlord. In the event that all amounts owing hereunder shall not be realized, including all expenses of re-letting and collecting, to satisfy the rents hereby reserved, the Tenant agrees to satisfy and pay any deficiency. The failure or refusal of the Landlord to re-let the Demised Premises or any part or parts thereof, in any event shall not release or affect the Tenant's liability hereunder.

9.04 The Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of the Landlord obtaining possession of the Demised Premises by reason of the violation by the Tenant of any of the covenants and conditions of this lease or otherwise.

9.05 The Tenant shall pay to the Landlord interest at the rate being equal to the greater of:

- (a) Six (6%) percent per annum, or
- (b) Six (6%) percent per annum in excess of the prime rate of interest from time to time charged by the Toronto Dominion Bank

on all overdue payments required to be made by the Tenant under any one or more of the provisions of this Lease.

SECTION 10

EXPROPRIATION AND DEMOLITION

10.01 It at any time during the term of this Lease or any extensions thereof, title is taken by the right or exercise of condemnation or expropriation to all or materially all of the Lands and/or the said building (whether or not including the Demised Premises) the Landlord may, at its option, give notice or this Lease may be terminated by the operation of law, as the case may be. On either such termination, the Tenant shall immediately surrender the Demised Premises and all its interest therein to the Landlord and to the expropriating authority as the law and circumstances may require, and the rent shall abate and be apportioned to the date of termination and the Tenant shall forthwith pay to the Landlord, the apportionate rent and all other amounts which may be due to the Landlord up to the date of termination. The Tenant shall have no claims upon the Landlord for the value of the unexpired term of this Lease and any extensions thereof, but the parties shall each be entitled to separately advance their claims for compensation for the loss of their respective interests in the Demised Premises and the parties shall each be entitled to receive and retain such compensation as may be awarded to each respectively. If an award of compensation made to the Landlord specifically includes an award for the Tenant, the Landlord will account therefore to the Tenant. For the purpose of this clause "materially all" shall mean that in the opinion of the Landlord and the Tenant the said land and the said building cannot be reasonably used for the purpose defined in Section 8.01 of this Lease, and in the event that the Landlord and Tenant cannot agree within fifteen (15) days of such taking then the matter shall be submitted to arbitration, pursuant to the provisions of the Arbitration Act of the Province of Alberta.

SECTION 11

DESTRUCTION

11.01 PROVIDED THAT IT IS EXPRESSLY AGREED that if during the term hereby demised the said building, or any part thereof, in which the Demised Premises are situate shall destroyed or damaged by fire, lighting, tempest, impact from aircraft, acts of God or the Queen's enemies, riots, insurrections, explosion, structural defects or weaknesses, or other casualty the following provisions shall have effect:

11.01.01 If the Demised Premises are rendered partially unfit for occupancy by the Tenant, the rent hereby reserved shall abate in part only in the proportion that the part of the Demised Premises rendered unfit for occupancy by the Tenant bears to the whole of the Demised Premises and continuing until the Demised Premises have been rebuilt, repaired and restored. In the event that the Demised Premises are rendered wholly unfit for occupancy by the Tenant, the rent hereby reserved shall abate in whole until the Demised Premises have been rebuilt, repaired and restored, if such is to be done. All rebuilding, repairing and restoration shall be done by the Landlord with reasonable diligence;

11.01.02 In the event of substantial destruction of the Demised Premises, or of the said building, (even though the Demised Premises may not be affected), the Landlord may within sixty (60) days after destruction and on giving written notice to the Tenant, declare this Lease terminated as at the date of the substantial destruction, and in any event, rent shall be apportioned and shall be payable up to the time of such destruction, and the Tenant shall be entitled to be repaid by the Landlord any rent paid in advance and unearned or a proportionate part thereof. The expression "substantial destruction" shall mean such damage as, in the opinion of the Landlord's Architect, requires substantial alteration or reconstruction of the Demised Premises or of the said building, or such damage to the said building as, in the opinion of the Landlord's Architect, cannot be repaired within thirty (30) days from the time of such damage, having regard to the weather conditions prevailing at the time such damage occurs, and having further regard to the availability of materials and labor.

SECTION 12

INSURANCE AND INDEMNITIES

12.01 The Landlord covenants and agreed to place and maintain:

12.01.01 Insurance against fire and other risks as are included in a standard fire and extended coverage insurance contract in an amount equal to the full replacement value (excluding excavations and foundations) of the said building and equipment of the entire premises, boiler machinery insurance and rent interruption insurance; but subject to whatever deductible as may be imposed or required by the insurer; and

12.01.02 Public liability insurance in respect of all common areas of the entire premises with limits of not less than Two Million (\$2,000,000.00) Dollars for any one occurrence; and

12.01.03 Any and all other insurance considered necessary by the Landlord acting reasonably as a prudent owner.

12.02 The Tenant shall place and maintain, in amounts and with insurers satisfactory to the Landlord, at the Tenant's sole expense:

12.02.01 Policies of public liability and property insurance and Tenant legal liability insurance insuring the Landlord and the Tenant against all sums which the Landlord or the Tenant may become obliged to pay as damages by reason of injury to persons or damage to or destruction of property in and upon the Demised Premises or the entire premises, which at the commencement of this Lease shall not be less than the following limits, namely:

12.02.02.01 Bodily injury or death of any one person \$ 2,000,000.00

12.02.02.02 Bodily injury or death of any two or more persons in any one accident
\$ 2,000,000.00

12.02.03 Insurance for damage sustained due to burglary, or attempted burglary, of the Demised Premises; and the Tenant shall, prior to gaining entry to all or part of the Demised Premises, deliver to the Landlord Certificates of such insurance, or the original or a certified copy of such insurance policies.

12.02 The Landlord shall not be responsible in any way for injury to any person or for loss or damage to any property belonging to the Tenant or to employees, agents, invitees or licensees of the Tenant while such person or property is in or about the entire premises, including the foregoing, any loss or damage to any such property caused by theft, breakage or by steam, water, rain or snow which may leak into, issue or flow from any part of the entire premises or any adjacent or neighboring lands or premises or from water, steam or drainage pipes or plumbing works of the same, or from any other place or quarter, or for any damage caused by or attributable to the condition or arrangement of any electric or other wiring, nor for any damage caused by anything done or omitted to be done by any other tenant of the entire premises. The Tenant covenants to save, defend, hold harmless and indemnify the Landlord against any and all suits, claims, actions or demands of any nature of kind to breach, violation of non-performance by the Tenant of any convenient, terms or provisions hereof, or by reason of any injury occasioned to or suffered by any default on the part of the Tenant or any of the Tenant's employees, agents, invitees, or licensees or arising out of the use and occupation by the Tenant of the Demised Premises and the business conducted therein.

12.03 Notwithstanding anything else contained in this Lease, each of the Landlord and the Tenant hereby releases the other and waives all claims against the other and those for whom the other is in law responsible with respect to occurrences

insured against or required to be insured against by the releasing party, whether any such claims arise as a result of the negligence or otherwise of the other or those for whom such other is in law responsible.

SECTION 13

MISCELLANEOUS COVENANTS

13.01 The Landlord agrees that, subject to the terms, covenants and conditions of this Lease, the Tenant may, upon observing and complying with all the terms, covenants and conditions of this Lease peaceably and quietly occupy the Demised Premises. The Landlord covenants that the Tenant and its permitted successor and assigns shall have sole legal, valid, peaceful uninterrupted actual possession of the Demised Premises throughout the Term and any renewal or extension thereof, and the Landlord covenants that it will defend the Tenant against any adverse claim of title or possession and will reimburse the Tenant for damages it may incur as a result of such adverse claims. The Landlord may mortgage the entire premises, or any part thereof, and such mortgage shall not constitute a breach of this covenant.

13.02 The Tenant agrees that the Landlord shall have the right, within the six (6) months next preceding the termination of the said term, to place upon the Demised Premises a notice of reasonable dimensions and reasonably placed so as not to interfere with the business of the Tenant, stating that the Demised Premises are for sale or rent and the Tenant will not obscure such notice or permit the same to be removed or obscured.

13.03 Nothing contained herein shall be deemed or construed by the parties, hereto, nor by any third party, as creating the relationship of principal and agent, or of partnership, or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of rent nor any other provision contained herein, nor any acts of the parties herein, shall be deemed to create any relationship between the parties other than the relationship of landlord and tenant.

13.04 Whenever and to the extent that the Landlord shall be unable to fulfill or shall be delayed or restricted in the fulfillment of any obligation hereunder in respect of the supply or provisions of any service or utility, or the doing of any work, or the making of any repairs, by reason of being unable to obtain the material, goods, equipment, service, utility or labor required to enable it to fulfill such obligation, or by reason of any statute, law, or order-in-council, or any regulation or order passed or made pursuant thereto, or by reason of the board of directors of any government department or officer or other authority thereby, or by reason of any other cause beyond its control whether of the foregoing character or not, the Landlord shall be relieved from the fulfillment of such obligation and the Tenant shall not be entitled to compensation for any inconvenience, nuisance or discomfort thereby occasioned. If the Landlord shall be unable to obtain the material as herein before provided, but the Tenant can provide the required material without infringing on any of the governmental regulations in force, the

Landlord shall avail itself of such material in order to do any work or make any repairs as herein before provided.

13.05 If the Tenant shall fail to perform any of the covenants or obligations of the Tenant under or in respect of this Lease, default continues for thirty (30) days or such longer period as may be reasonably required in the circumstances to cure such default after notice by the Landlord to the Tenant reasonably specifying the details of the default and requiring the default to be remedied or without notice, in an emergency, the Landlord may, from time to time in its discretion, perform or cause to be performed any of such covenants or obligations, or any part thereof, and for such purpose may do such things as may be requisite, including without limiting the generality of the foregoing, enter upon the Demised Premises, or any part thereof, as the Landlord may consider requisite or necessary. All expenditures made by or on behalf of the Landlord under this paragraph shall be paid by the Tenant within ten (10) days and if not paid shall bear interest at the rate being equal to the greater of:

- (a) Six (6%) percent per annum; or
- (b) Six (6%) percent per annum in excess of the prime rate of interest from time to time charged by the Toronto Dominion Bank

from the date the same were incurred or made. In the event of the Tenant breaching the terms of this Lease in any respect whatsoever, and the Landlord instructing its solicitors to enforce the Landlord's right pursuant to the provisions hereof (and specifically in relation to the collection of rent and any and all costs collectible as rent), the Tenant shall be obliged to make payment of the costs of the Landlord's solicitor and his client basis.

13.06 All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one part to another shall, unless otherwise specifically provided for herein, be given in writing and be personally served or delivered by registered post, addressed to such other party or delivered to such other party as follows:

To the Landlord at: 9424 - 102A Avenue, Edmonton, Alberta T5H 4L7

To the Tenant at: 16125 East Valley Boulevard, City of Industry
California, USA 91744

with a copy to Jollibee Foods Corporation: 10/F Jollibee Plaza Building
10 F. Ortigas Jr. Avenue, Ortigas Centre
Pasig City, Philippines

or at the Demised Premises, or at such other address as the other parties hereto may have been duly notified. Any notice, request, demand or other communication given by mail as aforesaid and posted anywhere in Canada, far northern points excepted, shall be deemed to have been received at 12:00 o'clock noon on the third

business day following the posting thereof, except during times of disruption in normal postal service, in which case any such notice, request, demand or other communication shall be deemed to have been received upon actual receipt thereof.

13.07 The Tenant covenants and undertakes to abide by and comply with all by-laws, laws and regulations of every municipal or other authority which in any manner relates to or affects the business or profession carried on and conducted on the Demised Premises and to indemnify and save harmless the Landlord from all cost, charges or damages to which the Landlord may be put or suffered by reason of the branch by the Tenant of any such by-law, rule or regulation.

13.08 All rights and liabilities herein given to, or imposed upon the respective parties hereto, shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties, and if there shall be more than one Tenant, they shall be bound jointly and severally by the terms, covenants and agreements herein. No rights, however, shall inure to the benefit of any assignee, sub-Tenant, licensee or concessionaire of the Tenant unless the assignment, subletting, license or concession has been approved by the Landlord in writing as provided in paragraph 8.07 hereof.

13.09 The Landlord shall use its best efforts to deliver to the Tenant within twenty (20) days of execution of this Lease a non-disturbance subordination and attornment agreement from any existing mortgagee of the Lands in the standard form of the said mortgagee which said agreement shall be subject to Tenant's approval thereof, acting reasonably. The Tenant shall subordinate this Lease to any future mortgages and shall attorn to all future mortgagees, provide that no subordination or attornment by Tenant under this Article shall be effective unless such mortgagee executed a non-disturbance subordination and attornment agreement in favour of the Tenant pursuant to which such Mortgagee agrees that in the event that such mortgagee enforces its rights under its mortgage, this Lease and Tenant's rights hereunder shall continue undisturbed while Tenant is not in default beyond any applicable cure periods despite such enforcement proceedings. The Landlord may assign the rent hereunder to such encumbrance and notice to that effect, signed by the Landlord, shall be sufficient authority for the Tenant to pay rent, or such portion thereof as it assigned, to the encumbrancer, and the receipt thereof by the encumbrancer shall be a full and adequate discharge to the Tenant for such payment.

13.10 Should the Landlord convey or assign its interest in the entire premises or otherwise divest itself of its interests in the entire premises, it shall be relieved of all obligations under this Lease after the date of delivery of any such conveyances, assignment or transfer, save and except:

13.10.01 For the obligation to account to the Tenant for any monies then due and payable to the Tenant by the Landlord pursuant to this Lease; and

13.10.02 That all of the terms and conditions of this Lease shall remain in full force and effect and any obligations of the Landlord hereunder shall be assumed by the assignee or the purchaser.

13.11 In addition to all other costs and charges required to be paid by the Tenant hereunder the Tenant shall pay to the Landlord in respect of any cheque returned because of insufficient funds or for any other reason the sum of Twenty Dollars (\$20.00) which shall be collectible by the Landlord as additional rent.

13.12 The Tenant agrees that in the event of a conveyance, assignment or other divesting of an interest as in paragraph 13.10 described, the Tenant shall from time to time, upon not less than ten (10) days prior notice, execute and deliver to the Landlord, in addition to any statement required pursuant to paragraph 4.03 hereof, a statement in writing, addressed to the person, firm or corporation acquiring the said interest stating that the Tenant shall pay all future rents to such person, firm or corporation or their nominee.

13.13 Time shall be of the essence of this Agreement, save as herein otherwise specified.

13.14 This Lease may not be modified or amended except by an instrument in writing signed by the parties hereto, or by their heirs, executors, administrators, successors or assigns.

13.15 Except as otherwise provided in this Section 13.15, all sums required to be paid by the Tenant under this Lease and which are in addition to the Minimum Rent shall be deemed to be additional rent, and shall be collectible by the Landlord as rent. All sales taxes on rents imposed on the Landlord in respect of the rents payable to the Landlord hereunder shall be deemed not to be additional rent, but the Landlord shall have all of the same rights and remedies on non-payment of such sales taxes as it has for Rent in arrears under this Lease.

13.16 If any term or provision of this Lease, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

13.17 The Tenant hereby accepts this Lease of the above described premises to be held by it as tenant and subject to the restrictions, conditions and covenants above set forth.

13.18 This Lease shall be construed in accordance with the laws of the Province of Alberta.

13.19 The captions in this Lease form no part of this Lease and shall be deemed to have inserted for convenience only.

13.20 Unless the contrary intention appears the words "Landlord" and "Tenant" shall mean respectively, "Landlord and its successors and/or assigns" and "Tenant, its heirs, executors, administrators, successors and permittee assigns" and

if there is more than one Tenant or the Tenant is a female or masculine person this Lease shall be read with all grammatical changes appropriate by reason thereof and all covenants and liabilities and obligations shall be joint and several. The terms "Landlord" and "Landlord" have the same meaning throughout this Lease; the terms "Tenant" and "Tenants" have the same meaning throughout this Lease.

13.21 The Tenant shall not register this Lease or any part thereof but may register a notice or caveat in respect thereof, which notice or caveat shall disclose only the existence and of, the Term of, and any renewal or extension rights under this Lease, and such other terms as the Landlord, in its sole discretion acting reasonably, may approve, but specifically excluding any references to any of the financial terms of this Lease.

13.22 The following are the only Schedules that form part of this Lease:

Schedule "A" - Sketch of Demised Premises Rules and Regulations

Schedule "B" - Tenant Rights

Schedule "C" - Rules and Regulations

Schedule "D" - Tenant Estoppel Certificate

Schedule "E" - Landlord's Work and Tenant's Work

Schedule "F" - Special Provisions

The Schedule attached hereto form part of this Lease. Any conflict or inconsistency between the terms of the Articles of this Lease and the terms of any Schedules to this Lease will be resolved in favour of the provisions contained in the Schedules to this Lease.

13.23 This Lease may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. In the event that any party requires a fully executed original of the document, all parties shall so execute the same documents and deliver it to the requesting party within five (5) days of request therefore.

IN WITNESS WHEREOF the Landlord and the Tenant have executed this Lease as of the day and year first above written.

TENANT: HONEYBEE FOODS (CANADA) CORPORATION

PER: _____

Ma. Victoria J.

LANDLORD: JASPER SUMMERLEA SHOPPING CENTRE LTD.

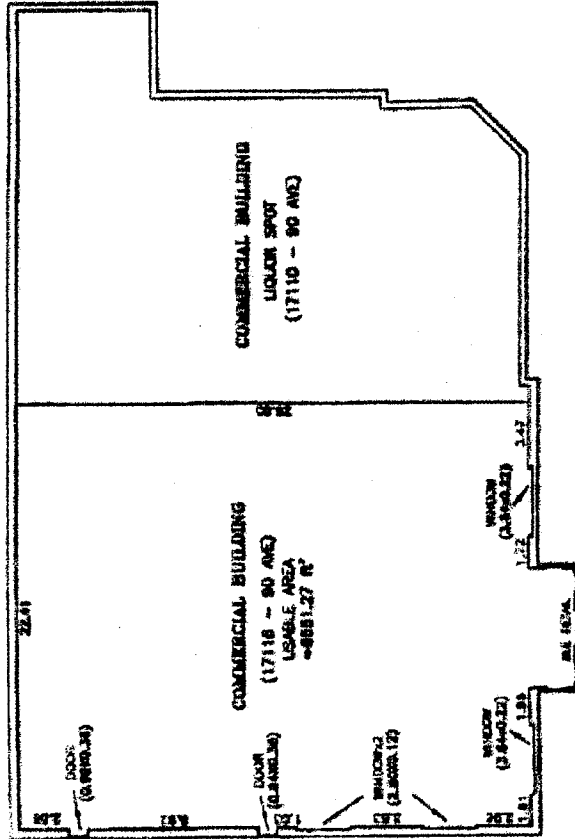
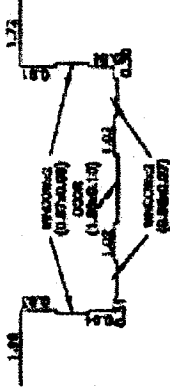
PER: _____

Judy chen

SCHEDULE "A"

SKETCH OF DEMISED PREMISES

DETAIL



JASPER SUMMERLEA SHOPPING LTD.

SKETCH PLAN

SHOWING

LEASE AREA

(17118 - 90 AVENUE, EDMONTON, ALBERTA)

WITHIN

LOT 9, BLOCK 30, PLAN 822 0508

GEODETTIC SURVEYS & ENGINEERING LTD.

9539- 87th STREET, EDMONTON, ALBERTA T6C 3J1

PH. (780) 485-3388 Fax. (780) 485-0400 email: geodetic@shawcable.net

ACAD: 161503/ZL SCALE 1:300

JOB No. P-1161503



PAUL W. GILBERT, S.L.S.

Date: OCTOBER 5th, 2018.

UPDATED: OCTOBER 18th, 2018.

NOTE:
1. LEASING AREA IS CALCULATED UNDER AN AMERICAN NATIONAL STANDARD APPROVED JUNE 7, 1988 BY AMERICAN NATIONAL STANDARD INSTITUTE, INC.

CERTIFICATION: I HEREBY CERTIFY THAT THIS SURVEY WAS PREPARED AND PERFORMED UNDER MY PERSONAL SUPERVISION.



SCHEDULE "B"

TENANT RIGHTS

1. The Tenant and its employees, invitees and licensees of the Tenant (subject and except as in this Lease provided) shall have the right to use, as appurtenant to the Demised Premises, during the term of this Lease and any extensions thereof, in common with others entitled thereto from time to time the following:

the common entrances, truck ways, platforms, lavatories, elevators, parking areas, driveways, walkways, flower beds, lawns, ramps and other common areas, if any, in the entire premises for the use of or benefit of the Tenant or customers of the Tenant or for the purpose of parking and for ingress to or egress from the Demised Premises.

2. The term "common areas" when used in this Lease means the common areas mentioned in Clause 1 of this Schedule "B".

3. Notwithstanding anything in this Lease contained, the Landlord shall have the right to make such changes and improvements or alterations as the Landlord may from time to time decide in respect of the common areas, or any part thereof, including (without limiting the generality of the foregoing) the walkways, parking areas, driveways and any other improvements thereto or erections thereof (except the Demised Premises) including the right to change the size or shape thereof, erect buildings thereof or sell or lease part or parts thereof, provided that the Landlord shall not have the right to designate any portion of the parking areas as being for the exclusive use of any tenant (other than the 5 parking stalls for the Tenant's grab and go customers as contemplated in Section 7.06.4 and the stalls currently reserved for the use of the existing bakery and the liquor store on the Lands wherein parking is restricted to 15 minutes), it being agreed that the Tenant and its employees and invitees shall have access to such parking areas in common with other tenants. The Tenant shall have the continuing right, at its expense, to repave all or any portion of the parking areas. The Landlord shall place signage on the parking areas identifying them as being solely for use of the tenants and their invitees. During the 90 days following the grand opening of the Premises for business, the Tenant shall be entitled to: (i) park up to two 40 foot climate controlled trailers in the parking areas, to provide supplies for the Premises in real time; and (ii) erect temporary shade or weather tent tops on the Lands to keep its customers warm and dry.

4. The Landlord shall have the right to issue reasonable Rules and Regulations from time to time respecting the use of the said common areas.

SCHEDULE "C"

RULES AND REGULATIONS

1. The Tenant shall not perform any acts or carry on any practice which may injure the common areas or be a nuisance to any other tenants of premises situated in the entire premises.
2. The Tenant shall not burn any trash or garbage in or about the Demised Premises or anywhere within the confines of the entire premises.
3. The Tenant shall not keep or display any merchandise on or otherwise obstruct the sidewalks, wall of other areas adjacent to the Demised Premises.
4. The Tenant shall not overload any floor of the Demised Premises.
5. The Tenant shall at all times keep the Demised Premises in a clean and sanitary condition in accordance with the laws and directions, rules and regulations of any government or municipal agency having jurisdiction.
6. At the commencement and throughout the term of this Lease and any extensions thereof, the Tenant shall at the expense of the Tenant, maintain all necessary lighting and other fixtures.
7. The Tenant shall not grant any concession, licenses or permission to any third parties (other than to Permitted Transferee) to sell or take orders for merchandise or services in the Demised Premises without the prior written approval of the Landlord.
8. The Tenant agrees that all loading and unloading of merchandise, supplies, materials, garbage, refuse and other chattels shall be made only through or by means of such areas, doorways or corridors, if any, as the Landlord has now designated.
9. For the benefit and welfare of all or any Tenant of premises in the entire premises, the Landlord shall have the right to issue further reasonable Rules and Regulations and such further Rules and Regulations shall thereupon be binding upon the Tenant, (provided that no rule, regulation, amendment or supplement shall contradict or be inconsistent with a provision of this Lease, or interfere with the Tenant's reasonable operation of its business).

SCHEDULE "D"

TENANT'S ESTOPPEL CERTIFICATE

(Pursuant to Section 4.02)

THE UNDERSIGNED, the Tenant in the Lease between Landlord and the undersigned, dated _____ day of _____, A.D. 20____, CERTIFIES:

1. THAT the Tenant's obligation to pay rent pursuant to Section 4 of the Lease commenced on the 1st day of _____, A.D., 20_____.
2. THAT the Lease has not been altered or amended since the time of execution and is in full force and effect in accordance with its original terms.
3. THAT the Demised Premises, measured as provided in paragraph 3.01 of the Lease, actually comprises an area of _____ square feet. The Minimum Rent reserved pursuant to Section 5.01 of the aforesaid measurement is: _____.
4. THAT the Tenant is in possession of the Demised Premises.
5. THAT the Lease is net-net-net Lease and that the Tenant is paying (and has paid) effective to the _____ day of _____, A.D., 20____ Minimum Rent (as adjusted) and all other charges, including without limitation, the occupancy costs referred to in Section 6, pursuant to the said Lease, and commenced paying the same on the date that the Tenant's obligation to pay rent commenced, as aforesaid.
6. THAT the amount of prepaid rent or security deposit held by the Landlord is \$ _____.
7. THAT the Demised Premises have been completed in accordance with any obligations of the Landlord and the Demised Premises are entirely satisfactory and suitable for the use thereof as contemplated by the Tenant.
8. THAT to the best knowledge of the Tenant, neither the Landlord nor the Tenant is in default in respect of the Lease.
9. THAT the Tenant has no claims, charges, defense, right to set-off lien abatement or counterclaim against the Landlord in respect of rent or otherwise.

DATED at the City of Edmonton, in the Province of Alberta, this _____ day of _____, A.D., 20_____.

PER: _____

PER: _____

SCHEDULE "E"

LANDLORD'S WORK AND TENANTS WORK

A. GENERAL CRITERIA

1. Tenant is responsible for the preparation of all design and working drawings and specifications relating to completion of the Demised Premises.
2. Landlord reserves the right to withhold approval of any plans or specifications and/or the authorization of work to proceed until furnished with reasonable evidence or provision(s) made by the Tenant to pay the full cost of the work which is the responsibility of the Tenant and/or discharge any liens that may arise there from.

B. LANDLORD'S WORK

1. The Landlord will supply the Demised Premises improved and finished as existing at present, save that it shall repair at its expense, the potholes in the parking lot on the lands and shall paint lines parking on such parking lot, within two (2) months of the commencement date.

C. TENANT'S WORK

1. The Tenant shall be responsible for and bear the cost of all other work additional to the Landlord's work required to complete the Demised Premises for occupancy. The Tenant shall comply with all codes and authorities in the completion of leasehold improvements.
2. No construction work shall be undertaken or commenced by the Tenant, save with the express prior consent of Landlord, not to be unreasonably delayed or withheld, until:
 - (a) plans and specifications fully describing the work, or changes to work previously approved, have been submitted and approved by Landlord;
 - (b) the Landlord has given notice that the work can proceed;
 - (c) all necessary building and all conventional insurance coverage have been obtained by the Tenant, and
 - (d) proper provision has been made for payment in full of cost of work.

SCHEDULE "F"

SPECIAL PROVISIONS

EXCLUSIVE USE

- 1.01 Provided the Tenant: (i) is HONEYBEE FOODS (CANADA) CORPORATION, or a Permitted Transferee or subtenant permitted in accordance with this Lease; and (ii) is not in default under this Lease beyond any applicable cure periods; then the Landlord shall not during the term of this Lease or any extension thereof, lease or license any premises on the Lands to a tenant whose business is that of restaurant, save and except that this restriction shall not restrict the Landlord from continuing to lease the premises on the Lands currently occupied by a bakery for use as a bakery.

EXTENSION OPTION

- 2.01 Provided that the Tenant is not then in default beyond any applicable cure periods, the Landlord will, at the expiration of the term of this Lease and upon the written request of the Tenant given to the Landlord not earlier than Twelve (12) months nor later than Six (6) months prior to the expiration of the term of this Lease, grant to the Tenant an extension of the term of this Lease for a further term of Five (5) years (hereinafter called the "**First Extension Term**") on the same terms and conditions as are in this Lease contained save and excepting those items set out in this Schedule.
- 2.02 The annual Minimum Rent payable by the Tenant during the First Extension Term shall be agreed upon between the Landlord and the Tenant. Such annual minimum rentals shall be equivalent to the fair rental value of the Demised Premises based on the then current fair rental values of similar premises in a similar state of repair, in similar locations put to similar uses, but without attributing value to the Tenant's Leasehold Improvements). In the event the Landlord and the Tenant are unable to agree upon the annual Minimum Rent for the First Extension Term within sixty (60) days from services of the Tenant's notice to extend, the matter of annual Minimum Rent shall be determined by arbitration in accordance with the provisions of Section 2.09 of this Schedule F.
- 2.03 Provided that the Tenant has exercised its option in respect of the First Extension Term (or the parties have otherwise agreed to extend the Term for the First Extension Term) and the Tenant is not then in default beyond any applicable cure periods, the Landlord will, at the expiration of the term of this Lease and upon the written request of the Tenant given to the Landlord not earlier than Twelve (12) months nor later than Six (6) months prior to the expiration of the First Extension Term, grant to the Tenant an extension of the term of this Lease for a further term of Five (5) years (hereinafter called the

"Second Extension Term") on the same terms and conditions as are in this Lease contained save and excepting those items set out in this Schedule.

- 2.04 The annual Minimum Rent payable by the Tenant during the Second Extension Term shall be agreed upon between the Landlord and the Tenant. Such annual minimum rentals shall be equivalent to the fair rental value of the Demised Premises based on the then current fair rental values of similar premises in a similar state of repair, in similar locations put to similar uses, but without attributing value to the Tenant's Leasehold Improvements). In the event the Landlord and the Tenant are unable to agree upon the annual Minimum Rent for the Second Extension Term within sixty (60) days from services of the Tenant's notice to extend, the matter of annual Minimum Rent shall be determined by arbitration in accordance with the provisions of Section 2.09 of this Schedule F.
- 2.05 Provided that the Tenant has exercised its option in respect of the Second Extension Term (or the parties have otherwise agreed to extend the Term for the Second Extension Term) and the Tenant is not then in default beyond any applicable cure periods, the Landlord will, at the expiration of the term of this Lease and upon the written request of the Tenant given to the Landlord not earlier than Twelve (12) months nor later than Six (6) months prior to the expiration of the Second Extension Term, grant to the Tenant an extension of the term of this Lease for a further term of Five (5) years (hereinafter called the **"Third Extension Term"**) on the same terms and conditions as are in this Lease contained save and excepting those items set out in this Schedule "F".
- 2.06 The annual Minimum Rent payable by the Tenant during the Third Extension Term shall be agreed upon between the Landlord and the Tenant. Such annual minimum rentals shall be equivalent to the fair rental value of the Demised Premises based on the then current fair rental values of similar premises in a similar state of repair, in similar locations put to similar uses, but without attributing value to the Tenant's Leasehold Improvements). In the event the Landlord and the Tenant are unable to agree upon the annual Minimum Rent for the Third Extension Term within sixty (60) days from services of the Tenant's notice to extend, the matter of annual Minimum Rent shall be determined by arbitration in accordance with the provisions of Section 2.09 of this Schedule "F".
- 2.07 Provided that the Tenant has exercised its option in respect of the Third Extension Term (or the parties have otherwise agreed to extend the Term for the Third Extension Term) and the Tenant is not then in default beyond any applicable cure periods, the Landlord will, at the expiration of the term of this Lease and upon the written request of the Tenant given to the Landlord not earlier than Twelve (12) months

nor later than Six (6) months prior to the expiration of the Third Extension Term, grant to the Tenant an extension of the term of this Lease for a further term of Five (5) years (hereinafter called the "**Fourth Extension Term**") on the same terms and conditions as are in this Lease contained save and excepting those items set out in this Schedule "F".

- 2.08 The annual Minimum Rent payable by the Tenant during the Fourth Extension Term shall be agreed upon between the Landlord and the Tenant. Such annual minimum rentals shall be equivalent to the fair rental value of the Demised Premises based on the then current fair rental values of similar premises in a similar state of repair, in similar locations put to similar uses, but without attributing value to the Tenant's Leasehold Improvements). In the event the Landlord and the Tenant are unable to agree upon the annual Minimum Rent for the Fourth Extension Term within sixty (60) days from services of the Tenant's notice to extend, the matter of annual Minimum Rent shall be determined by arbitration in accordance with the provisions of Section 2.09 of this Schedule "F".
- 2.09 In the event of the necessity for the arbitration in accordance with the provisions for Sections 2.02, 2.04. 2.06 and/or 2.08 above, the following procedures shall apply, namely:
- (a) In the event the parties are able to agree on a sole arbitrator, the arbitration shall be conducted and governed by that sole arbitrator.
 - (b) In the event the parties are unable to agree on a sole arbitrator within thirty (30) days following the end of the sixty (60) days period referred to in Sections 2.02, 2.04. 2.06 and/or 2.08 above, then:
 - (i) the party referring the matter to arbitration shall do so by written notice to the other party, which notice shall stipulate the name of one arbitrator selected by the party giving such notice;

- (ii) within fifteen (15) days of the receipt of such notice, the party receiving same shall, by further notice in writing to the first party, stipulate the name of the one arbitrator selected by that responding party;
 - (iii) the two arbitrators so selected shall therefore appoint a third arbitrator who shall be the Chairman of the Board of Arbitration; and
 - (iv) should any party fail to appoint arbitrator within the times above stated or should the two arbitrators so appointed fail to appoint a third arbitrator within a reasonable period of time, then either party not being in default shall be entitled to make application to a Justice of the Court of Queen's Bench of Alberta for the appointment of a person to fill the vacant position on the Board of Arbitration.
- (c) The decision of the majority of the Board of Arbitration, or the sole arbitrator, as the case may be, as to any matter of procedure and as to the final award in respect of the matter referred to it shall be final and binding upon both the Landlord and the Tenant.
- (d) The costs of any arbitration proceeding hereunder shall be allocated between the Landlord and the Tenant by the Board of Arbitration or sole arbitrator, as the case may be, and such allocation as to costs shall be final and binding upon both the Landlord and the Tenant.

2.10 Notwithstanding any other provision in this Lease contained, in no case shall the annual Minimum Rent payable during any Extension Term be in an amount less than the annual Minimum Rent payable for the year immediately preceding the commencement of such Extension Term, nor shall it be more than 120% of the annual Minimum Rent in payable for the year immediately preceding the commencement of such Extension Term.

2.11 For greater certainty, the provisions of this Article one shall not be construed so as to provide to the Tenant the right to extend the term of this Lease beyond the four (4) extensions specifically provided for herein. The foregoing extension rights shall not be personal to the Tenant, and may be assigned by the Tenant to any Permitted Transferee in connection with the Tenant's assignment of this Lease, or to any assignee of the Tenant to which the Landlord has granted its consent to the assignment of this Lease.

RIGHT OF FIRST REFUSAL TO LEASE:

3.01 The Tenant shall have an ongoing right of first refusal (the "**Right of First Lease Refusal**") throughout the term and any extensions thereof to lease additional premises on the Lands that become available for lease, in accordance with and subject to the following terms:

(a) if at any time and from time to time during the term or any renewal or extension thereof, the Landlord receives an offer to lease any premises (the "**Additional Premises**") on the Lands that the Landlord is prepared to accept (the "**Third Party Lease Offer**") (which, for greater certainty shall not include any offers pursuant to the exercise of extension or renewal rights existing as of the date of this Lease belonging to other tenants of the Lands), then the Landlord shall give written notice to the Tenant (the "**Landlord's Lease Offer Notice**") that it has received such Third Party Lease Offer (together with a copy of same), and such Landlord's Lease Offer Notice shall offer to lease the Additional Premises to the Tenant on the same terms and conditions as are set out in the Third Party Lease Offer received from the offeror (the "**Lease Offeror**");

(b) if within ten (10) business days (excluding Saturday, Sunday and statutory holidays in the Province of Alberta) after receipt of the Landlord's Lease Offer Notice, the Tenant accepts the offer set out in the Landlord's Lease Offer Notice, then there shall be a legally binding and enforceable lease agreement between the parties (the "**Lease Agreement**") for the Landlord to lease the Additional Premises to the Tenant to in accordance with and subject to the terms and conditions stipulated in the Lease Agreement; and

(c) if the Tenant does not accept the offer set out in the Landlord's Lease Offer Notice within the requisite ten (10) business day period, then the Landlord shall have the right to lease the Additional Premises to the Lease Offeror on no less favourable terms than those set out in the Third Party Lease Offer, provided that such lease shall be completed within ninety (90) days after the expiry of such ten (10) business day period, failing which the Landlord shall not complete a lease of the Additional Premises or accept an offer to lease the Additional Premises without complying with this Section 3.01.

RIGHT OF FIRST OPPORTUNITY TO PURCHASE:

4.01 The Tenant shall have the right of first opportunity (the "**Right of First Opportunity**") to purchase the Lands in accordance with and subject to the following terms:

(a) if at any time and from time to time during the term or any renewal or extension thereof, the Landlord intends to offer for sale or sell the Lands, then the Landlord shall give written notice to the Tenant (the "**Landlord's Intention Notice**") of its intention to sell the Lands.

(b) within ten (10) business days (excluding Saturday, Sunday and statutory holidays in the Province of Alberta) after receipt of the Landlord's Intention Notice, the Tenant may make and submit to the Landlord a formal executed offer to purchase the Lands (the "**Tenant's Purchase Offer**") which shall stipulate the terms and conditions under which the Tenant proposes to purchase the Lands;

(c) if the Tenant does not submit the Tenant's Purchase Offer to the Landlord within the requisite ten (10) business day period, then the Landlord shall have the right to enter into an agreement of purchase and sale for the Lands within two hundred and seventy (270) days after the expiry of such ten (10) business day period, failing which the Landlord shall not offer for sale or sell the Lands without complying with this Section 4.01;

(d) if the Tenant submits the Tenant's Purchase Offer to the Landlord within the requisite ten (10) business day period, then the Landlord shall have requisite ten (10) business days following receipt of the Tenant's Purchase Offer to accept the Tenant's Purchase Offer;

(e) if the Landlord accepts the Tenant's Purchase Offer then there shall be a legally binding and enforceable agreement between the parties (the "**Purchase Agreement**") for the Landlord to sell the Lands and for the Tenant to purchase the Lands in accordance with and subject to the terms and conditions stipulated in the Purchase Agreement;

(f) if the Landlord does not accept the Tenant's Purchase Offer or if the Purchase Agreement is terminated pursuant to its terms, then the Landlord shall be free to enter into an agreement of purchase and sale for the Lands with any prospective purchaser at a price of not less than ninety-five percent (95%) of the Purchase Offer and otherwise on terms which on the whole are not less favorable to the Landlord than the terms under the Tenant's Purchase Offer or the Purchase Agreement, as applicable, provided that:

(i) if the proposed agreement of purchase and sale to be entered into by the Landlord and any prospective purchaser is less than ninety-five percent (95%) of the Tenant's Purchase Offer and otherwise on the whole less favourable to the Landlord than the terms under the Tenant's Purchase Offer or the Purchase Agreement, as applicable, then the Landlord, before entering into such agreement of purchase and sale shall again comply with this Section 4.01 and, furthermore, the Landlord's Intention Notice to be given to the Tenant hereunder shall stipulate the terms and conditions set out in the proposed agreement of purchase and sale between the Landlord and the prospective purchaser hereunder so that the Tenant will have the opportunity to incorporate all or any of such terms and conditions in the Tenant's Purchase Offer;

(j) if the Landlord does not enter into an agreement of purchase and sale with a prospective purchaser within one hundred and eighty (180)

days after the date acceptance of the Tenant's Purchase Offer expired or the date the Purchase Agreement was terminated pursuant to its terms, as applicable, then in either of the forgoing cases, the Landlord shall not offer for sale or sell the Lands without again complying with this Section 4.01; and

(k) if the Lands are sold by the Landlord to a prospective purchaser in accordance with the provisions of this Section 2.01, then this Section 4.01 and the Tenant's Right of First Opportunity herein with respect to the Lands shall be permanently null and void and of no further force or effect and shall not bind the prospective purchaser or its successors or assigns or any subsequent owner of the Lands.

RIGHT OF FIRST REFUSAL TO PURCHASE:

5.01 The Tenant shall have the right of first refusal (the "**Right of First Refusal**") to purchase the Lands in accordance with and subject to the following terms:

(a) if at any time and from time to time during the term or any renewal or extension thereof, the Landlord receives an offer to purchase the Lands that the Landlord is prepared to accept (the "**Third Party Purchase Offer**"), then the Landlord shall give written notice to the Tenant (the "**Landlord's Offer Notice**") that it has received such Third Party Purchase Offer (together with a copy of same), and such Landlord's Offer Notice shall offer to sell the Lands to the Tenant on the same terms and conditions as are set out in the Third Party Purchase Offer received from the offeror (the "**Offeror**");

(b) if within ten (10) business days (excluding Saturday, Sunday and statutory holidays in the Province of Alberta) after receipt of the Landlord's Offer Notice, the Tenant accepts the offer set out in the Landlord's Offer Notice, then there shall be a legally binding and enforceable agreement between the parties (the "**Purchase Agreement**") for the Landlord to sell the Lands and for the Tenant to purchase the Lands in accordance with and subject to the terms and conditions stipulated in the Purchase Agreement;

(c) if the Tenant does not accept the offer set out in the Landlord's Offer Notice within the requisite ten (10) business day period, then the Landlord shall have the right to sell the Lands to the Offeror on no less favourable terms than those set out in the Third Party Purchase Offer, provided that such sale shall be completed within one hundred and eighty (180) days after the expiry of such ten (10) business day period, failing which the Landlord shall not complete a sale of the Lands or accept an offer to purchase the Lands without complying with this Section 2.02;

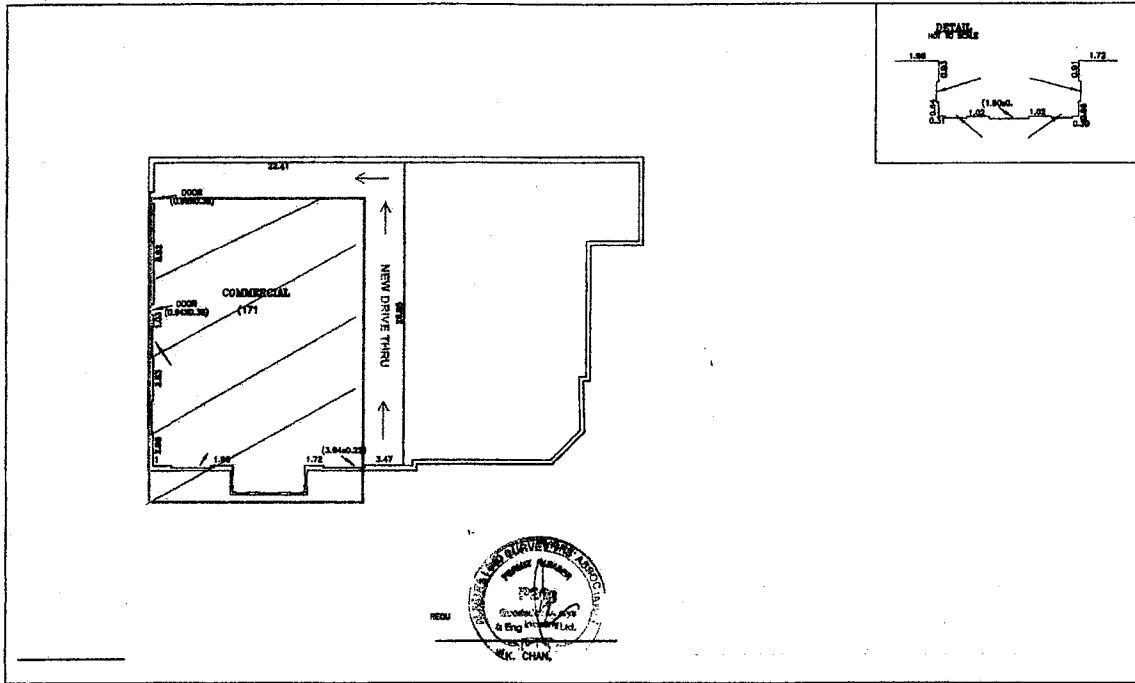
(d) if the Lands are sold by the Landlord to the Offeror in accordance with the provisions of this Section 5.01, then this Section 5.01 and the Tenant's Right of First Refusal herein with respect to the Lands shall be permanently null and void and of no further force or effect and shall not bind the prospective purchaser or its successors or assigns or any subsequent owner of the Lands.

RIGHT TO DEMOLISH AND REBUILD

6.01 The Tenant shall have a continuing right, at its expense, to demolish all or part of the Demised Premises and replace the Demised Premises with a stand alone building of its design (for purposes of this Section 6.01, the "**New Premises**") which shall be constructed in a first class manner with first class materials and may, for greater certainty, have a different square footage than the square footage of the Premises as at the Commencement Date and which may include an excavated basement (the "**Basement**"), provided that the calculation of Minimum Rent (including any calculation of Fair Market Rent) and Additional Rent (including any calculation of Proportionate Share) shall not be adjusted to reflect any decrease or increase in the square footage of the New Premises, and no Rent shall be payable by the Tenant in respect of the Basement.. A proposed drawing of the New Premises is attached hereto as Schedule "G", but the Landlord acknowledges that such sketch represents the Tenant's preliminary design of New Premises, and is subject to change by the Tenant in its discretion. The provisions of Sections 7.06.01, 7.06.02 and 7.06.03 shall apply *mutatis mutandis* to the Tenant's construction of the New Premises. The Landlord shall have the right, as part of the Landlord's approval right pursuant to Section 7.06.01, to require the Tenant liberty to require the Tenant to upgrade or improve the Tenant's proposed foundation for the New Premises to allow for future expansion on the Lands, provided that the Landlord shall forthwith upon receipt of invoices for same reimburse the Tenant for the cost of any such upgrade or improvement of the proposed foundation for the New Premises, including the Rent costs to the Tenant resulting from any delay in completing the New Premises occasioned by such upgrade or improvement (and if the Landlord fails to so reimburse the Tenant for such costs, the Tenant shall have the right to set off such costs against Rent owing hereunder).

SCHEDULE "G"

PROPOSED SKETCH OF NEW PREMISES



This is **Exhibit D** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Alex MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta



KV Capital

Supplying **Success**

November 24, 2020

Jasper Summerlea Shopping Center Ltd.
c/o Harry Grewal, Belmor Mortgage Corp.
11026 – 128 Street NW
Edmonton, AB T5M 0W6

Re: Short Term Financing Proposal for the refinancing of 1.00 acres of land zoned CSC, and the construction of a five-storey mixed-use building (48 residential units totalling +/- 29,755 SQFT and 4 commercial bays totalling +/- 6,253 SQFT).

On the basis of the information provided in connection with your request for financing, KV Capital Inc. ("KV Capital") has authorized financing subject to terms and conditions set forth below and in the attached Schedules (collectively, the "Commitment Letter").

1. **LENDER:** KV Capital or its assignee or nominee, which the Borrower acknowledges may include KV Mortgage Fund Inc., and/or any syndicated investor(s) obtained by KV Capital (the "Lender"; any reference herein to Lender shall include KV Capital unless the subject matter otherwise requires)
2. **BORROWER(S):** Jasper Summerlea Shopping Center Ltd.
(the "Borrower").
3. **GUARANTOR(S):** Judy Chen
Additional Guarantor (Print Name: Rui Qin Huang)
(collectively, the "Guarantor").

SUITE 101, 1290 91 STREET SW, EDMONTON, AB T6X 0P2
TELEPHONE: (780) 433-1222 | TOLL FREE: 1 (888) 933-1222 | FAX (TOLL FREE): 1 (866) 229-1295
WWW.KVCAPITAL.CA

Borrower Initials: J- ca



4. PURPOSE OF LOAN AND KEY ASSUMPTIONS:

To provide short term financing proposal for the refinancing of 100 acres of land zoned CSC, and the construction of a five-storey mixed-use building (48 residential units totalling +/- 29,755 SQFT and 4 commercial bays totalling +/- 6,253 SQFT). (the "Project")

Key assumptions:

- (a) The Borrower has owned the property since February 9, 2005,
- (b) The land is 100 acres in size,
- (c) The development will entail two buildings: the first building is a five storey mixed-use building with 48 completed residential apartment units totalling +/- 29,755 SQFT of leasable space and 4 commercial bays totalling +/- 6,253 SQFT of leasable commercial space in addition to a 45 stall underground heated parkade; the second building is a free standing commercial building with one bay totalling +/- 3,897 SQFT of leasable space,
- (d) The second building is to be constructed at the sole cost of the tenant, who has leased the space on which the building will stand pursuant to the terms of a lease dated November 1, 2016, the Borrower represents that no part of this financing is will be used to complete construction of the second building.
- (e) The land on which the second building is to reside is currently leased to Honeybee Foods (Canada) Corporation at a net lease rate of \$217,141.28 per annum,
- (f) The development will entail 29 paved surface level parking stalls and 45 heated underground parking stalls,
- (g) When completed, the mixed-use property will be finished with standard finishes for the residential components and undeveloped open units for the commercial bays,
- (h) The Borrower has entered into leases for 3 of the commercial bays, for a total of +/- 5,807 SQFT pre-leased space,
- (i) The land is zoned CSC – Shopping Centre Zone, which allows for the intended development, and
- (j) Notices and other communications by electronic transmission are to be sent to the Borrower at:
 _____ (Insert email address)
 and shall deemed to be received by the Borrower when sent.
 _____, _____ (Borrower initials)
- (k) Notices and other communications by electronic transmission are to be sent to the Guarantor at:
 _____ (Insert email address)
 and shall deemed to be received by the Borrower when sent.
 _____, _____ (Guarantor initials)

5. MORTGAGED PROPERTY:

Property #1: First Mortgage: Plan 8220508, Block 30, Lot 9;
(Civic Address: 17104 – 90 Avenue NW, Edmonton, AB.)

(the "Mortgaged Property")

6. LOAN AMOUNT:

Project Financing

\$5,500,000 (including fees and a twelve month interest reserve), (collectively, the "Loan") to be disbursed as follows:

(a) Land Refinancing

\$2,000,000 – To refinance the Mortgaged Property.

(b) Construction Financing

\$3,500,000 – To complete construction of the Project. Construction financing to be disbursed on a **cost-in-place** and **cost-to-complete** basis. **For the construction draws the borrower shall be permitted to carry a deferred equity balance not to exceed \$2,000,000.** Draws are to be requested by the Borrower at various stages of completion. Cost to complete to be determined by Quantity Surveyor reports completed by a qualified firm and to be reviewed by KV Capital and found to be satisfactory.

The Borrower is required to obtain **75%** of gross commercial leasable area preleasing in order to qualify for Construction Financing. To satisfy this condition, all preleases must meet the following requirements:

- i. Prelease contracts must be firm (no outstanding purchaser conditions),
- ii. Lessees must be arms' length parties from the Borrower and Guarantors,
- iii. Lease rates must be greater than 95% of appraisal rates,
- iv. Lease contracts must be reviewed by KV Capital and found to be satisfactory.

At all times, the Loan Amount, cannot exceed the lesser of:

- i. **\$5,500,000,**
- ii. **60%** of the cost of construction (including land but excluding realtor commissions, project management fees, and financing costs), or
- iii. **57.5%** of the lesser of appraised value, sales value, and/or listing value.

Minimum Borrower Equity Requirement during the Construction phase is \$7,250,000.

7. INTEREST RESERVE:

Twelve months interest reserve (**\$467,500**) included in the above Loan amount and withheld on each Loan advance (not in advance).

8. TERM:

Twelve months from the Interest Adjustment Date (the "Term").



9. INTEREST RATE:

Interest, which shall be charged on the outstanding balance of the principal sum and any unpaid interest and other fees and amounts owing from time to time, shall be charged at the greater of:

- (a) **8.50%** per annum, or
- (b) a variable rate per annum (in either case both before and after maturity, default and judgment) equal to:
 - i. the rate established by TD Canada Trust ("**TD**") as TD's non-mortgage prime lending rate for loans in Canadian dollars (as at the date of this Commitment Letter, TD's non-mortgage prime lending rate is **2.45%**), **PLUS**
 - ii. **6.05%**.

Interest shall be set with respect to amounts advanced on the day of each advance and the interest rate shall be automatically adjusted without notice to the Borrower on the first day of the month following each rate change. Interest is to be calculated daily and compounded and payable monthly, not in advance. Overdue interest shall bear interest at the same rate as the principal. Interest will be calculated on the daily outstanding balance of the principal and interest outstanding under the Loan (before as well as after maturity, default or judgment) and as determined in accordance with the terms and conditions of the Security. All interest payable hereunder bears interest from the date of advance of any portion of the Loan to the Lender's Solicitor.

10. AMORTIZATION:

Interest only.

11. PAYMENTS:

Monthly mortgage payments (the "**Monthly Payments**") shall be computed in accordance with the Interest Rate and Amortization sections above and will be due and payable on the 1st day of each and every month following the Interest Adjustment Date.

12. LENDER/ BROKERAGE FEES:

The Borrower shall pay cumulative lender and brokerage fees (the "Lender/Brokerage Fee") in an amount equal to **2.00%** of the Loan (subject to any Minimum Lender Fee payable), which will be allocated and paid, as follows:

- (a) KV Capital's portion of the Lender/Brokerage fee shall be **1.50%** of the total Loan amount and shall be paid in its entirety, by the Borrower on the date the first advance of the Loan is made and will include construction advances that are greater than \$1,000,000. Any advance request that is less than \$1,000,000 will have an advance fee of \$5,000.
- (b) The Broker's portion of the Lender/Brokerage fee shall be **0.50%** of the total Loan amount and shall be paid in its entirety, by the Borrower on the date the first advance of the Loan is made. KV Capital may, in its discretion, remit out of any such advance the Broker's portion of the brokerage fee to the broker, on behalf of the Borrower.

The Lender/Brokerage Fee shall not be refundable under any circumstances and will be deemed as fully due and payable upon acceptance of this Commitment Letter by the Borrower. In the event the Borrower does not proceed with the financing as contemplated by this Commitment Letter, or is unable to satisfy the funding conditions herein, any balance of the Lender/Brokerage Fee remaining unpaid shall immediately become due and payable.

13. COMMITMENT FEE:

Upon acceptance of this Commitment Letter, the Borrower shall pay a non-refundable commitment fee of **\$5,000** (the "Commitment Fee") to KV Capital. The Borrower acknowledges and agrees the Commitment Fee is a reasonable estimate of the costs incurred by KV Capital in sourcing, investigating, underwriting and preparing the Loan and is non-refundable regardless of whether the Loan (or any portion thereof) is advanced. The Commitment Fee is separate and apart from the Lender/Brokerage Fee.

14. FUNDING CONDITIONS AND TIMING:

The Loan (including any initial advance or subsequent advance) shall be subject to approval by the Lender's investment committee and satisfactory review by KV Capital and the Lender, in their discretion, of the conditions specified at Schedule "A". Funding will occur within **30 days** from the date all conditions are satisfied or waived.

15. SECURITY:

The Loan shall be secured by the security described in Schedule "B" hereto (collectively, the "Security").

16. SOURCES AND USES OF FUNDS:

The attached Schedule "C" forms a part of this Commitment Letter

- 17. FEES, COSTS, EXPENSES, AND SERVICE CHARGES:** All fees, costs, expenses and service charges of the Loan are for the account of the Borrower and the Borrower shall be responsible for, and shall reimburse KV Capital for all such costs and expenses, including (1) the legal fees and other related costs and fees relating to the approval, preparation, drafting and registration of the Security documents by the Lender's Solicitor, and (2) the costs and fees set forth in Schedule "E". All fees, costs, expenses and service charges payable to KV Capital and/or the Lender under this Commitment Letter shall bear interest at the Interest Rate.
- 18. INTEREST STANDBY FEE:** KV Capital reserves the right to deduct from the proceeds of the Loan an interest standby fee equal to **8.50%** per annum if the initial draw takes place after **December 31, 2020** (the "Standby Date").
- 19. PREPAYMENT PRIVILEGE:** Provided the Borrower is not in default under this Commitment Letter or the Security, the Borrower will have the privilege at any time, and from time to time, to prepay the outstanding principal amount of the Loan, or any part thereof, with accrued and unpaid interest to and including the date of such prepayment, at any point in time provided that a **30 day** prepayment charge shall apply and be paid with such prepayment.
- Notwithstanding any other provision of this Commitment Letter, the Lender shall be entitled to earn and be paid a minimum of **three** months interest (the "**Minimum Interest**") on any and all funds advanced under the Loan, such amount to be in addition to any fees, costs, expenses and services charges or other compensation, which are specified in this Commitment Letter. In the event that the Loan is paid before the specified Minimum Interest has been paid, the difference between the interest paid and the Minimum Interest shall be added to the amount required to discharge the Security and paid at the time a discharge is granted to the Borrower.
- 20. SUBSEQUENT ENCUMBRANCES:** There shall be no other subsequent mortgages or other financial encumbrances registered against the Mortgaged Property or the Project without KV Capital's prior written consent.
- 21. PARTIAL DISCHARGE:** The Security provided for herein does not contain a provision for partial discharge.
- 22. GENERAL TERMS AND CONDITIONS:** The attached Schedule "F" forms a part of this Commitment Letter.
- 23. CONSENT TO OBTAIN CREDIT REPORTING:** The Borrower and Guarantor (if applicable) consents to KV Capital obtaining information concerning the Borrower and Guarantor (if applicable) from any Person (including any credit bureau or reporting agency or government or municipal registry or department) at any time and from time to time, for the purpose of its review and administration of the Loan and the Security.

24. AUTO-RENEWAL:

This Commitment Letter shall automatically renew at the end of the original Term and at the end of each subsequent renewal term for a further period of **six months** (each, a **"Renewal Term"**) on the same terms herein with the following exception: on the first day of each Renewal Term, a renewal fee equal to **1.50%** of the Loan's principal balance outstanding as at that date (each, a **"Renewal Fee"**) becomes fully earned, due and payable to KV Capital. Each such Renewal Fee shall form a part of the Loan's principal balance outstanding if it is not actually paid by the Borrower to KV Capital on the date it is due.

The Borrower may terminate this auto-renewal clause by paying the Loan's principal balance outstanding in full at the end of the original Term or any subsequent Renewal Term.

KV Capital and/or the Lender, at its discretion, may choose to terminate this auto-renewal clause.

25. PARAMOUNTCY:

In the event of a conflict between this Commitment Letter and the Security, the terms of the Security shall govern, to the extent of any conflict.

26. RESERVATION OF RIGHTS:

KV Capital and/or any Lender reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereinafter arising under this Commitment Letter or any other agreement delivered to KV Capital and/or any Lender in connection with the Loan, and whether known or unknown, and this Commitment Letter shall not be construed as a waiver of any such breach, default or event of default.

27. ELECTRONIC TRANSMISSION OF COMMUNICATIONS

Any notice, request, demand, pleading, judicial documentation or any other communications (each a "Communication") to be made, served, or given between the parties hereto under or in connection with:

- (a) the Loan;
- (b) the parties' enforcement of their respective rights hereunder;
- (c) the Lender's exercise of its rights in respect of enforcement against the Security; and
- (d) the commencement of proceedings or service of any legal process pursuant to the provisions of the Alberta Rules of Court AR 124/2010, the Judicature Act (Alberta) RSA 2000, c J-2, the Law of Property Act (Alberta) RSA 2000, c. L-7, the Bankruptcy and Insolvency Act RSC. 1985, c. B-3, the Bankruptcy and Insolvency General Rules CRC. c. 368, the Personal Property Security Act (Alberta) RSA 2000 c P-7, or any legislation related thereto or successor legislation thereof,

may be made and shall be deemed to have been well and sufficiently received if sent by electronic transmission to the applicable email address specified in section 4 hereunder. The Lender shall be entitled to rely on any Communication so delivered to the Borrower or the Guarantor with respect to any matter and shall not be required to make any independent investigation thereof. Each of the Borrower and the Guarantor expressly acknowledges that any Communication sent by electronic transmission may pertain to and engage certain of their legal rights and interests in and to the Loan or the Security, and notices so provided shall not constitute, nor in any way be considered to be, defective or irregular notice. The Borrower and the Guarantor shall provide the Lender with written notice of any change to their respective email address no later than five business days following such change. Any Communication sent to the email address specified in section 4 hereunder, prior to receipt by the Lender of a notice of change thereto, shall be deemed good and sufficient. Each Communication sent by electronic transmission by email shall be deemed to have been delivered on the day of communication with confirmation of transmission, if communicated at or before 5:00 p.m. Edmonton time on a business day, or on the next business day if communicated after that time.

28. DOCUMENTATION AND LENDER'S SOLICITOR:

All documentation shall be in a form prescribed by KV Capital and as approved by the Lender's solicitor. The security documents are to be prepared by the Lender's solicitor as follows:

Name: Jill Sheward, Swainson Miki Peskett LLP
Address: 2800, 10104 103 Avenue NW, Edmonton, AB, T5J0H8
Tel: 780.497.4800
Fax: 780.424.3254
Email: jsheward@brownleelaw.com



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29. BORROWER'S SOLICITOR: The Borrower's solicitor is as follows:

Name: Robert A. Speidel
 Address: 11442 - 142 street NW
 Tel: 720 - 491 - 0000
 Fax: _____
 Email: _____

30. MISCELLANEOUS:

The Schedules, Appendices, and Exhibits referred to herein shall be construed with, and as an integral part to this Commitment Letter, to the same extent as if they were set forth verbatim herein. The headings of this Commitment Letter are for reference only and shall not affect the interpretation of this Commitment Letter.

If you are in agreement with the above, (which includes by reference, all of those terms and conditions set forth in the attached Schedules), please sign and return the enclosed copy of this Commitment Letter together with your cheque for the Commitment Fee. This Commitment Letter will expire if not accepted by **November 30, 2020**.

Sincerely,

KV CAPITAL INC.

Per: **Aleem Virani, CA, CBV**
President

Borrower Initials: _____



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ACKNOWLEDGMENT:

The Borrower certifies that all information provided to KV Capital and/or any other Lender by or on behalf of the Borrower in connection with the Loan and this Commitment Letter is true and accurate in all respects and hereby accepts the terms and conditions set forth in the above Commitment Letter (including all Schedules attached thereto).

JASPER SUMMERLEA SHOPPING CENTER LTD.:

Per: Judy Chen
 Name: _____
 Title: _____
 I have the authority to bind the Borrower
 Date: November 26, 2020

GUARANTOR:

Each of the undersigned guarantors acknowledge receiving advice of the Commitment Letter described above (including all Schedules attached thereto) and each of the undersigned agree the undersigned's guarantee is binding even if KV Capital and/or the Lender changes or waives compliance with the terms and conditions of this Commitment Letter.

[Signature]
 WITNESS
 Print Name: Harry Grewal
 DATE: November 26, 2020

Judy Chen
 JUDY CHEN
 DATE: November 26, 2020

[Signature]
 WITNESS
 Print Name: Harry Grewal
 DATE: November 26, 2020

[Signature]
 ADDITIONAL GUARANTOR
 PRINT NAME: Rui Bin Huang
 DATE: November 26, 2020



| | Party | Status |
|---|----------|-----------------|
| (q) Personal credit reports for each Principal to be reviewed by KV Capital and found satisfactory; | Lender | Outstanding |
| (r) KV Capital reserves the right to complete an inspection of the property as part of its due diligence; and | Lender | Outstanding |
| (s) Credit Committee approval required. | Lender | Outstanding |
| CONDITIONS FOR INITIAL ADVANCE: | | |
| (t) Current (less than 1 year old) original appraisals on an "as is" basis to be reviewed by KV Capital and found satisfactory; | Borrower | Update Required |
| (u) Transmittal letters from the appraiser(s) authorizing the use of their appraisals and the reliance thereon by KV Capital; | Borrower | Outstanding |
| (v) Current (less than 1 year old) original appraisals on an "as complete" basis to be reviewed by KV Capital and found satisfactory; | Borrower | Update Required |
| (w) Transmittal letters from the appraiser(s) authorizing the use of their appraisals and the reliance thereon by KV Capital; | Borrower | Outstanding |
| (x) Copy of purchase contract for the Mortgaged Property; | Borrower | Outstanding |
| (y) Land survey for the Mortgaged Property; | Borrower | Outstanding |
| (z) Copy of contract with General Contractor for the construction Mortgaged Property; | Borrower | Outstanding |
| (aa) Phase 1 Environmental Site Assessment in respect of every parcel of land comprising the Mortgaged Property, to be reviewed by KV Capital and found satisfactory; | Borrower | Outstanding |
| (bb) Geotechnical Report in respect of every parcel of land comprising the Mortgaged Property, to be reviewed by KV Capital and found satisfactory; | Borrower | Outstanding |
| (cc) Development Permit for the Project, including confirmation of payment of all levies and fees charged by the municipality; | Borrower | Outstanding |
| (dd) Detailed budget for the Project; | Borrower | Satisfied |
| (ee) Blueprints and specifications for the Project; | Borrower | Outstanding |
| (ff) Building Permit for the Project; | Borrower | Outstanding |
| (gg) Material Contracts listing for project professionals and sub-trades; | Borrower | Outstanding |
| (hh) Confirmation of WCB Coverage for the Borrower/General Contractor; | Borrower | Outstanding |
| (ii) Proof of insurance coverage for each of the units to be constructed, including course of construction coverage; | Borrower | Outstanding |

Borrower Initials: _____





| | | Party | Status |
|--|--|----------|--------------|
| (ij) | Structural and mechanical inspection report for the Mortgaged Property – completed by a qualified firm, reviewed by KV Capital and found satisfactory; | Borrower | Outstanding |
| (kk) | Site plan for the Project; | Borrower | Outstanding |
| (ll) | Advances subject to verification via Quantity Surveyor report (with 5-10 pictures), completed by a qualified firm, reviewed by KV Capital and found satisfactory; and | Borrower | Outstanding |
| (mm) | KV Capital reserves the right to complete an inspection of the property as part of its due diligence. | Lender | Outstanding |
| CONDITIONS FOR CONSTRUCTION ADVANCES: | | | |
| (nn) | Prelease contracts for the project evidencing the presale requirement of 75% of the commercial space has been met. Preleases to be firm leases to arms' length parties accompanied by minimum 10% deposits held in trust; | Borrower | Under Review |
| (oo) | Advances subject to verification via Quantity Surveyor report (with 5-10 pictures), completed by a qualified firm, reviewed by KV Capital and found satisfactory; and | Borrower | Outstanding |
| (pp) | KV Capital reserves the right to complete an inspection of the property as part of its due diligence. | Lender | Outstanding |

SCHEDULE B – SECURITY

The Security shall comprise the following, all of which shall be in form and substance satisfactory to KV Capital and/or the Lender and the Lender's Solicitor, in their discretion:

- (a) A first-priority mortgage secured against the Mortgaged Property and improvements thereon in respect of all indebtedness, liability or obligation of the Borrower to the Lender and/or KV Capital pursuant to this Commitment Letter.
- (b) A first-priority assignment of rents, leases, contracts, licenses and offers to purchase on the Mortgaged Property.
- (c) An unlimited guarantee and postponement of claims from each Guarantor.
- (d) A general security agreement providing a fixed first position security interest over all present and after acquired personal property of the Borrower, along with a mortgage, and charge as and by way of a floating charge, in respect of all of the Borrower's real property. All security interests registered in any personal property registry will be registered for a minimum period of 5 years (subject to any renewals).
- (e) A general security agreement providing a fixed first position security interest over all present and after acquired personal property of each Guarantor along with a mortgage, and charge as and by way of a floating charge, in respect of all the Guarantor's real property. All security interests registered in any personal property registry will be registered for a minimum period of 5 years (subject to any renewals).
- (f) An environmental indemnity agreement from the Borrower on the Mortgaged Property.
- (g) An assignment of all the Borrower's right, title and interest in and to all material contracts affecting or with respect to the Mortgaged Property, as required by the Lender, including, all building and construction contracts, plans, permits, refundable cash deposits and/or letters of credit to the City of Edmonton and insurance policies with respect to the Mortgaged Property.
- (h) Full lender title insurance acceptable to the Lender.
- (i) Such other documents containing such other assurances, information, opinions, and covenants as the Lender or Lender's Solicitor may deem necessary.

SCHEDULE C – SOURCE AND USES OF FUNDS

| SOURCES | | USES | |
|-------------------------------------|---------------------|--------------------------------|---------------------|
| KVC 1st Mtg - Land | \$2,000,000 | Land Cost | \$3,270,000 |
| Borrower's Equity | \$1,550,000 | Interest Reserve | \$170,000 |
| | | Lender Fee | \$82,500 |
| | | Broker Fee | \$27,500 |
| Subtotal - Land | \$3,550,000 | Subtotal - Land | \$3,550,000 |
| KVC 1st Mtg - Construction Facility | \$3,500,000 | Hard Costs | \$9,973,337 |
| Borrower's Equity | \$8,302,638 | Soft Costs | \$1,061,000 |
| | | Contingency | \$470,801 |
| | | Interest Reserve | \$297,500 |
| Subtotal - Construction | \$11,802,638 | Subtotal - Construction | \$11,802,638 |
| TOTAL | \$15,352,638 | TOTAL | \$15,352,638 |

*The table above is based on budget estimates provided by the Borrower and includes only deductions to be taken by KV Capital in respect of the Broker/Lender fee and interest reserve and does not include other potential deductions including, but not limited to, legal fees, interest in excess of the interest reserve, interest adjustment date deductions, etc.



SCHEDULE D – INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS:

- All insurance shall be effected with the insurers and on terms approved by KV Capital and shall include "KV Capital Inc." as first loss payee in addition to 30 days of Notice of Cancellation or Material Change to "KV Capital Inc.". All insurance policies required by this Commitment Letter to be maintained by the Borrower shall remain in full force and effect as long as the Borrower is indebted to KV Capital or the Lenders under the Security. In the event that evidence of the required insurance is not received by KV Capital, KV Capital reserves the right to place insurance coverage satisfactory to KV Capital's requirements and to charge the Borrower's account with all costs incurred.
- All policies shall contain the IBC (Insurance Bureau of Canada) Standard Mortgage Clause and KV Capital shall be named first loss payee on Primary Security and second loss payee on all Secondary Security. KV Capital shall be provided with either a complete certified copy of the requested insurance or approved cover notes prior to funding, and, with complete renewal documentation, not less than ten days prior to the expiry date of each policy of insurance. If satisfactory insurance is not obtained/ maintained by the Borrower, KV Capital reserves the right to place insurance coverage satisfactory to KV Capital's requirements and to charge the Borrower's account with all cost incurred. KV Capital must first approve any deviations from the above-noted insurance requirements in writing.
- A full copy of the Project insurance, including liability insurance and full indemnification, will be provided by the Borrower in respect of any and all claims under the policy.
- Insurance Binder letters to specifically stipulate:
 - 1) **First Loss Payee / Certificate Holder:**
KV Capital Inc.
101, 1290 – 91 Street SW
Edmonton, AB T6X 0P2
 - 2) **30 Days Notice of Cancellation / Material Change to KV Capital Inc.**
 - 3) **IBC Standard Mortgage Clause in favour of KV Capital Inc.**
 - 4) **First Loss Payee: KV Capital Inc.**
 - 5) **Legal Description and Civic Address of the insured property**
- Evidence of a Commercial General Liability insurance policy with a coverage amount that is satisfactory to KV Capital shall be provided by the Borrower to KV Capital prior to the initial advance of funds.
- Full replacement "all risk or all peril" course of construction insurance coverage shall name KV Capital as first loss payee on each and every building, structure, improvement and fixtures. The limit of insurance must not be less than 100% of replacement cost including soft costs and costs of foundations and all parts below ground level.

Borrower Initials: *ca*





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- Full replacement "all risk or all peril" insurance coverage shall name KV Capital as first loss payee on each and every building, structure, improvement and fixtures. The limit of insurance must not be less than 100% of replacement cost including soft costs and costs of foundations and all parts below ground level.
- Gross or rental income coverage on an "all risk" basis sufficient to cover 100% of the gross annual revenues, including rents, and if rents are on a net-net basis, the equivalent gross revenues, including rentals for a period of not less than 60 days; or if the property is owner – occupied, business interruption coverage.



Borrower Initials: _____

J. Q.

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SCHEDULE E – ADMINISTRATION AND SERVICE CHARGES

ADMINISTRATION AND SERVICE CHARGES

- Letting agent and/or insurance broker charge £200.00 per annum
- Insurance policy fee £200.00
- Enforcement of security £1000.00 per annum or processing reasonable
- Property possession £1000.00 fee payable to taking possession of the property taken in default to the lender following default
- Property management £200.00 per day per property for administration, maintenance and security of property in our possession
- The lender reserves the right to collect reasonable charges for other administrative services

SCHEDULE F – GENERAL TERMS AND CONDITIONS

1. Definitions

For the purpose of this Commitment Letter, the following terms and phrases shall have the following meanings:

- a) **"Applicable Law"** means with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, policies, guidelines, rulings, interpretations, directives (whether or not having the force of law), orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, quasi-governmental, regulatory, fiscal or monetary body or agency or court of competent jurisdiction in any applicable jurisdiction.
- b) **"Broker"** means the mortgage broker who first introduced the Borrower to KV Capital for purposes of obtaining the Loan.
- c) **"Interest Adjustment Date"** means the first day of the month immediately following the date the Loan is first advanced, provided that if such date is the 1st of the month then the Interest Adjustment Date shall be the subsequent month.
- d) **"Lender's Solicitor"** means the lawyer set forth in Section 28 of the Commitment Letter, or such other legal counsel as the KV Capital may determine.
- e) **"Person"** includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, including the Canada Revenue Agency, and any other incorporated or unincorporated entity.

2. Interpretation

For the purposes of this Commitment Letter, (a) the words "include", "includes" and "including" shall be deemed to be followed by the words "without limitation" so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive (b) the word "or" is not exclusive; (c) the word "discretion" shall be deemed to mean the "sole and unfettered discretion" of the referenced party; (d) the word "opinion" shall be deemed to mean the "sole and unfettered opinion" of the referenced party; (e) the words "herein", "hereof", "hereby", "hereto" and "hereunder" refer to this Commitment Letter as a whole; and (f) unless there is something in the subject matter or context inconsistent therewith: (i) words in the singular number include the plural and such words will be construed as if the plural had been used, (ii) words in the plural include the singular and such words will be construed as if the singular had been used, and (iii) and references herein to Sections, Subsections, Paragraphs, Clauses, Schedules, Appendices, and Exhibits mean the Sections, Subsections, Paragraphs, Clauses of, and Schedules, Appendices and Exhibits attached to, this Commitment Letter. This Commitment Letter shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted.

3. Termination and Demand of Loan

KV Capital shall have the right to terminate this Commitment Letter or to demand repayment of the Loan if:

- (a) the Security is not properly registered by the Standby Date;
- (b) the initial disbursement of Loan is not advanced by the Standby Date;
- (c) the Borrower or the Guarantor is in default of or breach of any of the representations, warranties or covenants provided under this Commitment Letter or the Security;
- (d) the Borrower or the Guarantor has misrepresented any information submitted to KV Capital as part of the loan application;
- (e) if in the opinion of KV Capital, (i) the financial position of the Borrower and/or the Guarantor, and (ii) the property and assets pledged under and pursuant to the Security, shall have suffered any adverse change;
- (f) if in the opinion of KV Capital, any event has occurred which materially and adversely affects the whole or part of the value of the Mortgaged Property or the financial position of the Borrower and/or the Guarantor.

KV Capital may, in its discretion, upon written notice to the Borrower, elect to extend the above mentioned dates by which the Security is to be registered and/or the date by which the Loan is to be first advanced.

4. Review by KV Capital and the Lender

The Loan will be reviewed at such times as KV Capital and/or the Lender may require. KV Capital and/or the Lender shall have the right, at reasonable times and upon request, to inspect any property, books of account, or other material relating to the Loan, the Project (including the financial statements or any other information required to be delivered by the Borrower or Guarantor pursuant to this Commitment Letter).

5. Fees, Costs and Expenses

The Borrower agrees to pay KV Capital all fees, costs, expenses and charges, stipulated in this Commitment Letter and all fees and expenses charged by KV Capital relating to the documentation or registration of this Commitment Letter and the Security. In addition, the Borrower agrees to pay all fees (including legal fees), costs and expenses incurred by KV Capital in connection with the preparation, negotiation, documentation and registration of this Commitment Letter and any Security and the administration, operation, termination, enforcement or protection of its rights in connection with this Commitment Letter and the Security.

6. General Indemnity

The Borrower hereby agrees to indemnify and hold KV Capital and/or any Lender and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgments, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of (i) any breach of any term or condition of this Commitment Letter or any Security or any other agreement delivered to KV Capital and/or any Lender by the Borrower or any Guarantor if applicable, (ii) KV Capital and/or any Lender acting upon instructions given or

Borrower Initials:

agreements made by electronic transmission of any type, (iii) the breach of or non-compliance with, any Applicable Law by the Borrower or any Guarantor (if applicable).

7. Caveat and Charge

The Borrower and each Guarantor (if applicable) hereby pledges and charges in favour of KV Capital, the property and assets pledged or to be pledged under and pursuant to the Security (including the Mortgaged Property) for the payment of costs, fees, expenses or other charges payable by the Borrower and/or Guarantor pursuant to this Commitment Letter and the Borrower acknowledges that KV Capital and/or the Lender's Solicitor, may register a caveat, lien, encumbrance or other charge against such property and assets as security for the same.

8. Advance

Notwithstanding anything contained in this Commitment Letter or the Security, the advance of the Loan or any part thereof is subject to KV Capital's and any Lender's sole, absolute, unfettered and qualified discretion not to advance notwithstanding any and all steps taken by KV Capital and any Lender or its representatives (including the Lender's Solicitor) or the Borrower or its representatives (including legal counsel), including, the registration of any Security.

9. Successors and Assigns and Syndication

This Commitment Letter shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the prior written consenting in writing of the Lender. The Lender may at any time and from time to time assign or transfer (including any sale or syndication of the Loan) all or any part of its rights, entitlements and obligations under this Commitment Letter, the Loan and the Security to any Person, without notice to the Borrower or Guarantor. In connection with such transaction, the Lender may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable (including, any such information provided by the Borrower, and any Guarantor, if applicable, to the Lender) and shall not be liable for any such disclosure. The Borrower acknowledges that in connection with any assignment by the Lender of its rights, entitlements or obligations under this Commitment Letter, the Loan and the Security, KV Capital may act as agent and administrator of the Commitment Letter, the Loan and the Security, on behalf of such assignees or transferees, the Borrower hereby irrevocably consents to such appointment.

10. Confidentiality

Neither this Commitment Letter nor its substance shall be disclosed by the Borrower and Guarantor (if applicable) to any Person except to the Borrower's and Guarantor's (if applicable) counsel, accountants, employees, and agents who are specifically involved in a proposed transaction affecting the Mortgaged Property. Without limiting the generality of the foregoing, none of such Persons shall use or refer to KV Capital's or any Lender's name in any disclosure made in connection with any of the transactions described herein without KV Capital's or such Lender's prior written consent.

11. Consent to Release Information

The Borrower acknowledges that KV Capital acts on behalf of investors who may provide some or all of the funds that form a part of the Loan. The Borrower further acknowledges that in connection with KV Capital's presentation to investors concerning the Loan, KV Capital provides certain information to such investors that has been obtained by KV Capital,

J. Ca
Borrower Initials: _____

including credit information in respect of the Borrower and Guarantor (if applicable), and other information related to the Security or the Project and the Borrower or Guarantor (if applicable) each consent to the release of such information.

12. Privacy Act Consent

With regard to any personal information that is provided during the application process, the Borrower and Guarantor (if applicable) consent to the collection, use and disclosure of that information for the following purposes: (i) to meet requirements of Applicable Law; (ii) to enable the Lender to administer and enforce this Commitment Letter, the Loan and the Security; and (iii) to verify the identities of the Borrower and Guarantor (if applicable). The Lender may from time to time, provide this personal information to (i) governmental authorities; (ii) credit bureaus, (iii) other financial institutions, (iv) employees, agents and representatives of the Lender; and (v) any potential investor or assignee of the Loan, and the Borrower and Guarantor (if applicable) consent to such disclosure of such personal information.

13. Marketing

From time to time, the Lender publishes advertisements or announcements of completed transactions, including press releases, paid advertisements, online advertisements, internally displayed tombstones, investor brochures or information displayed on the internet. The Borrower consents to the publication of an advertisement or announcement of the transaction contemplated by this Commitment Letter. The Borrower agrees to allow the Lender to photograph or utilize existing photographs or artistic renderings (for unfinished projects) of the Mortgaged Property or Project for possible use in marketing programs. During the Term, the KV Capital may require a sign to be erected on the Mortgaged Property at the cost of KV Capital and maintained by the Borrower evidencing the financing of the Loan.

14. Consent

The Borrower and each Guarantor (as applicable) authorizes and provides its consent to KV Capital to obtain any information from any applicable (i) municipal, provincial or federal government or quasi-governmental authority, board, tribunal, agency, registry, agency, commission or administrator (including any land titles office, personal property security registry or taxing authority such as the Canada Revenue Agency), (ii) any credit bureau or credit reporting agency, or (iii) any financial institution, bank, trust company or lender holding information of the undersigned (each of the foregoing, collectively referred to herein as a "**Registration Authority**") regarding the Borrower or any Guarantor (as applicable) or any assets or properties (including real property) owned or held by the Borrower or any Guarantor or on their behalf, as may be required by KV Capital, in its sole and unfettered discretion, for the purposes of administering, reviewing or enforcing the Loan or the Security at any time and from time to time, and the undersigned hereby authorizes and provides its consent to each such Registration Authority to release and provide such information.

15. Anti-Money Laundering

The Borrower and Guarantor each consent and agree to provide, within a reasonable period of time following written request, KV Capital or the Lender's Solicitor with such documentation and information as KV Capital and the Lender's Solicitor may require to ensure compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as the same may be amended, superseded or replaced from time to time, and the Borrower and Guarantor each represent that they are in compliance with such legislation as at the date of this Commitment Letter and as at the date of each advance under the Loan.

16. Severability

The invalidity or unenforceability of any provision of this Commitment Letter shall not affect the validity or enforceability of any other provision of this Commitment Letter and such invalid provision shall be deemed severable.

17. Governing Law

This Commitment Letter shall be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Alberta and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

18. Default by Lapse of Time

Time is of the essence herein and the mere lapse of time fixed for performing an obligation under this Commitment Letter or the Security shall have the effect of putting the Borrower or a Guarantor, if applicable, in default thereof.

19. Non-Merger

The provisions of this Commitment Letter shall not merge with any Security, but shall continue in full force for the benefit of the parties hereto.

20. Joint and Several

Where more than one Person is liable as Borrower or Guarantor (if applicable) for any obligation under this Commitment Letter or the Security, then the liability of each such Person for such obligation is joint and several with each other such Person.

21. Representations and Warranties

The Borrower and Guarantor each represent and warrant to the Lender that as at the date of this Commitment Letter and as at the date of every advance made under a Loan:

- (a) if it is a corporation, it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- (b) if it is partnership, it is duly formed, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;
- (c) the execution, delivery and performance by it of this Commitment Letter have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- (d) no event has occurred which constitutes, or which, with notice, lapse of time or both, would constitute, a breach of any covenant or other term or condition of this Commitment Letter or any Security or any other agreement delivered to the Lender;

- (e) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any environmental and health and safety laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Commitment Letter or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to KV Capital;
- (a) all financial statements and other documents and information delivered by or on behalf of the Borrower or any Guarantor (in whatever form or manner) to KV Capital or its agents or representatives (including its legal counsel) in connection with the matters set forth in this Commitment Letter are true, accurate and complete in all respects and without limiting the generality of the foregoing, in the case of any financial statements, net worth statements or other financial information, fairly and accurately represent the financial condition of the Borrower or any Guarantor as applicable; and
- (b) the Borrower is, or will become upon the registration of a transfer of the Mortgaged Property into its name, the beneficial owner of all right, title, and interest in and to the Mortgaged and holds or will hold no portion of or interest in the Mortgaged Property in trust for any other Person.

22. Further Assurances

The Borrower and Guarantor (if applicable) shall, at the Lender's request, execute or deliver such further documentation and enter into such other agreements as are necessary for securing of the Loan and the fulfilling of the terms contained herein, and deliver such financial information concerning the Borrower as the Lender may require, and satisfy the terms and conditions herein to permit the disbursement of the Loan.

23. Entire Agreement

This Commitment Letter and any documents or instruments referred to herein, or delivered pursuant hereto, or in connection with, this Commitment Letter constitutes the whole and entire agreement between the Borrower and the Lender with respect to the Loan.

This is **Exhibit E** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

August 9, 2022

Jasper Summerlea Shopping Center Ltd.
 c/o Fred Lee, Belmor Mortgage Corp.
 11026 – 128 Street NW
 Edmonton, AB T5M 0W6

RE: First amendment to: a Commitment Letter dated November 24, 2020 executed between **KV Capital Inc.** ("KV Capital") and **Jasper Summerlea Shopping Center Ltd.** (the "**Commitment Letter**") regarding the refinancing of 1.00 acres of land zoned CSC, and the construction of a five-storey mixed-use building (48 residential units totalling +/- 29,755 SQFT and 4 commercial bays totalling +/- 6,253 SQFT).

The Lender proposes the following amendments:

| SECTION IN COMMITMENT LETTER / AMENDMENT | ORIGINAL SECTION TEXT | NEW SECTION TEXT |
|--|---|---|
| 6. LOAN AMOUNT: | <p><u>Project Financing</u> \$5,500,000 (including fees and a twelve month interest reserve), (collectively, the "Loan") to be disbursed as follows:</p> <p>(a) <u>Land Refinancing</u> \$2,000,000 – To refinance the Mortgaged Property.</p> <p>(b) <u>Construction Financing</u> \$3,500,000 – To complete construction of the Project. Construction financing to be disbursed on a cost-in-place and cost-to-complete basis. For the construction draws the borrower shall be permitted to carry a deferred equity balance not to exceed \$2,000,000. Draws are to be requested by the Borrower at various stages of completion. Cost to complete to be determined by Quantity Surveyor reports completed by a qualified firm and to be reviewed by KV Capital and found to be satisfactory.</p> <p>The Borrower is required to obtain 75% of gross commercial leasable area preleasing in order to qualify for Construction Financing. To satisfy this</p> | <p><u>Project Financing</u> \$6,500,000 (including fees and a twelve month interest reserve), (collectively, the "Loan") to be disbursed as follows:</p> <p>(c) <u>Land Refinancing</u> \$2,000,000 – To refinance the Mortgaged Property.</p> <p>(d) <u>Construction Financing</u> \$4,500,000 – To complete construction of the Project. Construction financing to be disbursed on a cost-in-place and cost-to-complete basis. For the construction draws the borrower shall be permitted to carry a deferred equity balance not to exceed \$2,000,000. Draws are to be requested by the Borrower at various stages of completion. Cost to complete to be determined by Quantity Surveyor reports completed by a qualified firm and to be reviewed by KV Capital and found to be satisfactory.</p> <p>The Borrower is required to obtain 75% of gross commercial leasable area preleasing in order to qualify for Construction Financing. To satisfy this</p> |

| | | |
|---------------------------------|---|---|
| | <p>condition, all preleases must meet the following requirements:</p> <ul style="list-style-type: none"> i. Prelease contracts must be firm (no outstanding purchaser conditions), ii. Lessees must be arms' length parties from the Borrower and Guarantors, iii. Lease rates must be greater than 95% of appraisal rates, iv. Lease contracts must be reviewed by KV Capital and found to be satisfactory. <p>At all times, the Loan Amount, cannot exceed the lesser of:</p> <ul style="list-style-type: none"> i. \$5,500,000, ii. 60% of the cost of construction (including land but excluding realtor commissions, project management fees, and financing costs), or iii. 57.5% of the lesser of appraised value, sales value, and/or listing value. <p>(a) Minimum Borrower Equity Requirement during the Construction phase is \$7,250,000.</p> | <p>condition, all preleases must meet the following requirements:</p> <ul style="list-style-type: none"> i. Prelease contracts must be firm (no outstanding purchaser conditions), ii. Lessees must be arms' length parties from the Borrower and Guarantors, iii. Lease rates must be greater than 95% of appraisal rates, iv. Lease contracts must be reviewed by KV Capital and found to be satisfactory. <p>At all times, the Loan Amount, cannot exceed the lesser of:</p> <ul style="list-style-type: none"> i. \$6,500,000, ii. 44% of the cost of construction (including land but excluding realtor commissions, project management fees, and financing costs), or iii. 36% of the lesser of appraised value, sales value, and/or listing value. <p>(a) Minimum Borrower Equity Requirement during the Construction phase is \$9,000,000.</p> |
| <p>31. Amendment Fee</p> | | <p>The Borrower shall pay a lender fee (the "Lender Fee") in an amount equal to 1.50% of the total \$1,000,000 Loan Amendment increase (\$15,000), which shall be paid in its entirety, by the Borrower upon execution of the amendment.</p> |

Sincerely,
KV CAPITAL INC.



Per: Aleem Virani, CA, CBV, ICD.D
Chief Executive Officer



ACCEPTANCE:

The Borrower and the Principals of the Borrower hereby acknowledge and agree to the terms and conditions contained in this Amendment and re-affirm the terms and conditions of the Commitment Letter, the Principals explicitly affirm their continuing liability as personal guarantors in respect of this Loan.

Acknowledged and agreed to on this 15 day of August, 2022.

JASPER SUMMERLEA SHOPPING CENTER LTD.:

Per: Judy Chen
Name: Judy Chen
Title: President
I have the authority to bind the Borrower
Date: 12/08/2022

WITNESS
Print Name: _____
DATE: _____

Judy Chen
JUDY CHEN
DATE: _____

This is **Exhibit F** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

LAND TITLES ACT
(ALBERTA)

MORTGAGE

JASPER SUMMERLEA SHOPPING CENTER LTD.

TO

KV CAPITAL INC.

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Schedule "A" - Mortgaged Lands
Schedule "B" - Collateral Security

MORTGAGE

Land Titles Act

RECITALS:

- A. The Mortgagor is or is entitled to become the registered owner of the Lands;
- B. The Mortgagee has agreed to lend the Principal Sum to the Mortgagor;
- C. As security for repayment of the Principal Sum together with interest and performance of the covenants contained herein, the Mortgagor has agreed to grant this Mortgage in favour of the Mortgagee.

The Mortgagor and Mortgagee covenant each with the other as follows:

ARTICLE 1

1.1 Definitions

In this Mortgage, unless there is something in the subject matter or context inconsistent therewith:

- (a) "Business Days" means days other than Saturdays, Sundays and Statutory Holidays in the Province of Alberta;
- (b) "Collateral Security" means that additional and collateral security, if any, which is described in Schedule "B" attached hereto, or which may be required pursuant to the provisions of this Mortgage or the Commitment Letter to be granted in favour of the Mortgagee and includes all guarantees, indemnities or covenants provided in relation to this Mortgage;
- (c) "Commitment Letter" means that certain letter from the Mortgagee (or the Mortgagee's agent) to the Mortgagor dated November 24, 2020, as amended from time to time;
- (d) "Communication" has the meaning ascribed to it in Section 11.11(a) herein;
- (e) "Environmental Laws" means all applicable laws, statutes, rules, by-laws and regulations, and all applicable directives, orders, codes, judgments and decrees of any Governmental Authority, whether now in existence or hereafter arising, intended to regulate or protect the environment, any living thing or relating to Hazardous Substances;
- (f) "Event of Default" means the occurrence of any one or more of the following events:
 - (i) a default by the Mortgagor in the observance or performance of any of the terms or conditions of this Mortgage, the Collateral Security or the Commitment Letter,
 - (ii) an order being made or an effective resolution being passed for the winding up of the Mortgagor or a petition being filed for the winding up of the Mortgagor,

- (iii) the Mortgagor becoming insolvent or the filing or presenting of a petition in bankruptcy against the Mortgagor,
 - (iv) the appointment of a Receiver or Receiver-Manager of the Mortgagor or any of its assets either privately or by court appointment,
 - (v) any proceeding with respect to the Mortgagor which is commenced under the *Companies Creditors Arrangement Act* or any successor legislation,
 - (vi) the Mortgagor making a proposal under the *Bankruptcy and Insolvency Act* or any successor legislation,
 - (vii) any execution, sequestration or other process of any Court becoming enforceable against the Mortgagor or a distress or analogous process being levied upon the property of the Mortgagor or any part thereof which is not satisfied or discharged, as the case maybe, within 15 days from the date upon which the Mortgagor receives written notice of the same from the Mortgagee, and
 - (viii) any other event which, pursuant to the terms of the Mortgage constitutes, or is deemed to constitute, an Event of Default;
- (g) "Governmental Authority" means any government, parliament, legislature, council, or any other regulatory authority, bureau, tribunal, department, agency, commission or board of any government, parliament, legislature or council, or any court, having or purporting to have under the authority of any of the foregoing;
- (h) "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:
- (i) radioactive materials,
 - (ii) explosives,
 - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant,
 - (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
 - A. endangers the health, safety or welfare of persons or the health of animal life,
 - B. interferes with normal enjoyment of life or property, or
 - C. causes damage to plant life or to property,
 - (v) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls, and
 - (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee or the Lands;

- (i) "Interest Rate" means the greater of:
 - (i) the Prime Rate plus 6.05% per annum, calculated daily and compounded monthly, not in advance, and
 - (ii) 8.50% per annum, calculated daily and compounded monthly, not in advance;
- (j) "Lands" means that parcel or parcels of land situate in the Province of Alberta and legally described in Schedule "A" attached hereto, together with all improvements of every kind whether or not affixed thereto or which are now or may hereafter be placed or installed thereupon;
- (k) "Leases" means all leases, offers to lease or other tenancy agreements related to the Lands in place as at the date of this Mortgage or subsequently entered into in accordance with the terms of this Mortgage;
- (l) "Maturity Date" means 12 months from the first day of the month immediately following the date of the first advance of the Principal Sum;
- (m) "Monthly Instalments" means monthly payments of interest only, calculated at the Interest Rate, on so much of the Principal Sum as shall be outstanding from time to time;
- (n) "Mortgage" means this mortgage together with all recitals and schedules attached hereto;
- (o) "Mortgage Monies" means the Principal Sum with interest thereon at the Interest Rate, together with all other monies secured by this Mortgage, including without restriction, any advances, fees or expenses made or incurred by the Mortgagee in accordance with Section 5.5 hereof;
- (p) "Mortgagee" means KV Capital Inc.;
- (q) "Mortgagee's Address" means Suite 101, 1290 - 91 Street SW, Edmonton, Alberta, T6X 0P2 or such other address as the Mortgagee shall from time to time direct;
- (r) "Mortgagee's Email" means pm@kvcapital.ca, the email address to which a Communication may be sent to the Mortgagee in accordance with Section 11.11(a) herein or such other email address as the Mortgagee shall from time to time direct the Mortgagor with written notice;
- (s) "Mortgagor" means Jasper Summerlea Shopping Center Ltd.;
- (t) "Mortgagor's Address" means 17006 - 90 Avenue, Edmonton, Alberta T5T 1L6 or such other address as the Mortgagor shall from time to time direct;
- (u) "Mortgagor's Email" means judychen1961@gmail.com, the email address to which a Communication may be sent to the Mortgagor in accordance with Section 11.11(a) herein or such other email address as the Mortgagor shall from time to time direct the Mortgagee with written notice;
- (v) "Permitted Encumbrances" means those encumbrances described in Schedule "A" attached hereto;

- (w) "Prime Rate" means the prime lending rate of interest per annum which is established and charged from time to time by TD Canada Trust as its non-mortgage prime lending rate for loans in Canadian dollars to customers. The Prime Rate will be adjusted (if necessary) on the first Business Day of each month during the Term and any change in the Prime Rate shall be effective on the Business Day on which it is changed without notice to the Mortgagor;
- (x) "Principal Sum" means the sum of \$5,500,000.00 in lawful money of Canada;
- (y) "Prior Charge" means any mortgage, lien, agreement for sale, encumbrance, interest in land or other charge or claim upon or with respect to the Lands which has or may have or which may acquire priority to this Mortgage, including, without restriction, the Permitted Encumbrances;
- (z) "Real Estate Taxes" means all taxes, local improvement charges, rates, assessments, levies, liens and penalties which are now or may hereafter be imposed or charged or be chargeable against or payable in respect of the Lands and shall include any levy or mortgage tax or principal and interest tax imposed or which may be imposed on this Mortgage or on the Mortgagee in respect of this Mortgage or on the monies secured by this Mortgage or on the Lands but shall exclude income taxes;
- (aa) "Receiver" means any person or persons appointed by the Mortgagee in accordance with Section 6.1 herein and includes a receiver, and a receiver and a manager;
- (bb) "Subsequent Charge" means any mortgage, lien, agreement for sale, encumbrance, interest in land or other charge or claim upon or with respect to the Lands which has or may have or which may be registered subsequent to this Mortgage; and
- (cc) "Term" means the period of time from the date hereof to and including the Maturity Date but subject to any renewals or extensions thereof.

ARTICLE 2

2.1 Loan of Principal Sum

The Mortgagee agrees to lend the Principal Sum to the Mortgagor upon the terms and conditions contained herein but subject to the Mortgagee's discretion not to advance.

2.2 Repayment

The Mortgagor shall pay the Principal Sum, with interest thereon at the Interest Rate, to the Mortgagee at the Mortgagee's Address, as follows:

- (a) interest only at the Interest Rate on so much of the Principal Sum as shall have been advanced from time to time, shall become due and be paid by payment of the Monthly Instalments on the first Business Day of each and every month during the Term, commencing with the first Business Day of the month next following the month in which the first advance of the Principal Sum was made; and
- (b) on the Maturity Date, the balance of the Principal Sum then outstanding, together with all accrued but unpaid interest, shall become due and payable.

2.3 Payment of Interest

The Mortgagor shall pay to the Mortgagee interest at the Interest Rate in the manner aforesaid on the Principal Sum or on so much thereof as shall from time to time remain unpaid. All interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the Interest Rate after as well as before maturity, default and the obtaining of any judgment by the Mortgagee, to be computed with monthly rests and all such interest and compound interest shall be a charge on the Lands.

2.4 Revolving Credit

Pursuant to Section 104(2) of *The Land Titles Act* R.S.A. 2000, ch. L-4, the Mortgagor acknowledges that this Mortgage secures a revolving loan to a maximum amount equal to the Principal Sum and further agrees that:

- (a) the Principal Sum may be advanced, repaid and readvanced one or more times during the Term; and
- (b) notwithstanding that there may be, during the Term, a time or times during which there are no outstanding advances of the Principal Sum to be secured hereby, this Mortgage shall nonetheless remain binding and valid and shall secure all future advances until it is actually discharged by the Mortgagee.

ARTICLE 3

3.1 Insurance

- (a) The Mortgagor shall insure the Lands to the extent of the full insurable value of the Lands, or for such other amount sufficient to protect the Mortgagee as the Mortgagee may reasonably request with a company or companies approved by the Mortgagee against:
 - (i) loss or damage by fire, windstorm, flooding, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage, and
 - (ii) to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam and/or any closed circulation hot water system and/or any pressure vessel or by the escape of water from any sprinkler system or other piping within or operated upon the Lands, such policies of insurance to contain the usual "Extended Coverage" and "Replacement Cost" endorsements.
- (b) Further, the Mortgagor will maintain:
 - (i) general comprehensive liability insurance against claims for personal injury, death or property damage occurring on or about the Lands, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require, and
 - (ii) rental or business interruption insurance in such amounts as the Mortgagee may require.
- (c) The Mortgagee may, upon the occurrence of an Event of Default, effect such insurance as required by the Mortgagee at the cost of the Mortgagor.

- (d) The Mortgagor will not do or permit anything to be done whereby the said policy or policies may be voided. The Mortgagor will pay all premiums and sums of money necessary for maintaining such insurance as aforesaid, as the same become due and will assign and deliver unto the Mortgagee the policy or policies of insurance and the receipt or receipts relating thereto.
- (e) The policies shall to the extent applicable, bear endorsements in a form satisfactory to the Mortgagee making all proceeds thereunder payable to the Mortgagee. All policies shall contain either the Insurance Bureau of Canada standard mortgage clause or the Mortgagee's special mortgage clause.
- (f) The policies of insurance and renewals thereof, if applicable, shall be delivered to the Mortgagee at such times as are requested by the Mortgagee, and, in particular, evidence of renewal shall be delivered to the Mortgagee not less than 30 Business Days prior to expiration of the insurance.
- (g) The Mortgagee may require any such insurance to be written by insurance companies acceptable to it, and may, at its option, cancel existing policies and require that new insurance be effected if the Mortgagee, acting reasonably, determines that the Mortgagor's insurer is not acceptable. If the Mortgagor fails to insure or fails to deliver policies or renewals thereof to the Mortgagee as herein provided, the Mortgagee may effect and maintain any insurance herein provided for. Any amount paid by the Mortgagee in respect thereof shall be payable by the Mortgagor to the Mortgagee forthwith on demand, and shall be added to the Principal Sum and shall bear interest at the Interest Rate until payment is received by the Mortgagee. However, nothing set out herein shall obligate the Mortgagee to obtain or maintain insurance on the Lands.
- (h) The Mortgagor shall forthwith on the happening of any loss or damage, furnish at its own expense all necessary proofs of claim and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies, and all monies received by virtue of any policy or policies of insurance may at the option of the Mortgagee:
 - (i) be forthwith applied in or towards substantially rebuilding, reinstating and repairing the Lands, or
 - (ii) be applied in or towards the payment of the last Monthly Instalment falling due under and by virtue of this Mortgage, and in case of a surplus, in or towards the payment of the Monthly Instalment next in point of time, and so on until the whole of the Principal Sum shall be paid and in case of a surplus then, in or towards payment of any interest costs or fees that may be accrued due, or
 - (iii) be paid over in whole or in part to the Mortgagor but no such payment shall operate as payment or a novation of the Mortgagor's indebtedness hereunder or as reduction of this Mortgage, or
 - (iv) be applied partly in one way and partly in another as the Mortgagee in its sole discretion may determine;notwithstanding any law, equity or statute to the contrary, including without restriction the *Insurance Act* (Alberta) and the *Fire Prevention (Metropolis) Act, 1774*, all rights and benefits of the Mortgagor thereunder being hereby expressly waived. Pending application of the insurance monies for the purpose aforesaid, the same shall be deemed to form part of the Lands and be subject to the charge hereby created.

- (i) The Mortgagor hereby constitutes and appoints the Mortgagee as its attorney for the purpose of demanding, recovering and receiving payment of any and all insurance monies to which it may be or may become entitled. Without limiting the generality of the foregoing, the Mortgagee may, in the name of the Mortgagor:
 - (i) file proofs of claim with any insurer who shall insure the Lands,
 - (ii) settle or compromise any claim for insurance proceeds in respect of the Lands,
 - (iii) commence and prosecute any action in the name of the Mortgagor for recovery of insurance proceeds in respect of the Lands, and
 - (iv) settle or compromise any such action in the name of the Mortgagor for recovery of insurance proceeds in respect of the Lands.

Notwithstanding anything herein contained it shall remain the responsibility of the Mortgagor to demand, recover and receive such payment and nothing herein shall render the Mortgagee liable to the Mortgagor for any act done by it in pursuance of the power of attorney hereby granted or for its failure to do any act or take any step.

3.2 Payment of Real Estate Taxes

The Mortgagor shall pay as they become due all Real Estate Taxes, provided that:

- (a) the Mortgagee may deduct from any advance of the Principal Sum an amount sufficient to pay any Real Estate Taxes; and
- (b) the Mortgagor shall at the option of the Mortgagee, pay to the Mortgagee on the days appointed herein for payment of interest or Monthly Instalments, such sums in addition thereto as the Mortgagee shall compute to be required to provide a fund sufficient to pay in full the Real Estate Taxes when such taxes become due and payable in accordance with the following terms and conditions:
 - (i) the Mortgagee shall be at liberty to exercise its option pursuant to this paragraph at any time during the currency of this Mortgage and a forbearance by the Mortgagee to exercise its option, either at the commencement of the Term or at any other time thereafter, shall in no way affect or preclude the Mortgagee from requiring the Mortgagor to pay instalments for Real Estate Taxes at any subsequent time;
 - (ii) in the event that the Real Estate Taxes actually charged for any particular year exceed the estimated amount or in the event of any part of the estimated amount paid to the Mortgagee being applied by the Mortgagee in or towards principal and interest or other monies in default, the Mortgagor will pay to the Mortgagee on demand the amount required to make up the deficiency;
 - (iii) the Mortgagor will transmit to the Mortgagee all assessment notices, tax bills and other notices affecting the imposition of Real Estate Taxes forthwith after the receipt of same by the Mortgagor;
 - (iv) so long as no Event of Default has occurred, the Mortgagee shall apply such payments on the Real Estate Taxes chargeable against the Lands, but the Mortgagee shall be under no obligation to apply such payments more often than yearly;

- (v) if before any such sum or sums in the hands of the Mortgagee shall have been so applied there shall be an Event of Default, the Mortgagee may, at its option, apply such sum or sums in or towards payment of principal, interest or other monies so in default;
 - (vi) if the Mortgagor desires to take advantage of any discounts or avoid any penalties in connection with the payment of Real Estate Taxes, it shall pay to the Mortgagee such additional amounts as in the opinion of the Mortgagee are required for that purpose; provided always, that the Mortgagee may, at its option, decide to prepay either in whole or in part any Real Estate Taxes; and
- (c) the Mortgagee may at any time pay all Real Estate Taxes in order to perfect the title to the Lands or any part thereof and to make or keep this Mortgage a charge thereon and any amount or amounts paid by the Mortgagee in respect thereof shall be payable by the Mortgagor to the Mortgagee forthwith on demand and shall be added to the Principal Sum and will accrue interest at the Interest Rate as if the money were interest in arrears and shall bear interest at the Interest Rate until payment is received by the Mortgagee (such interest to run from the date of payment by the Mortgagee) and shall be added to the Principal Sum and be a charge upon the Lands until repaid with interest as aforesaid; however, nothing set out herein shall oblige or obligate the Mortgagee to pay such Real Estate Taxes and doing so is solely at the option of the Mortgagee.

3.3 Maintenance and Repair of the Lands

- (a) The Mortgagor will not commit any waste upon the Lands nor do or permit to be done any act which may impair the value thereof.
- (b) The Mortgagor will take good and reasonable care of all buildings, structures and improvements now or hereafter from time to time comprising part of the Lands and without cost and expense to the Mortgagee will manage, operate, maintain and keep or cause the same to be kept in good order, repair and condition throughout, both exterior and interior, structural or otherwise, and promptly will make all required or necessary repairs and replacements thereto, including without limitation, the roof, walls, foundations and appurtenances, pipes and mains, and all other fixtures, machinery, facilities and equipment that belong to or are used in connection with the Lands, all of the foregoing to the extent that a prudent owner would do. Notwithstanding the foregoing, the Mortgagor shall not be obligated to repair any damage caused by reasonable wear and tear which does not affect the use and enjoyment of the improvements except as and when such damage would be ordinarily repaired by a prudent owner.
- (c) The Mortgagee by its agents, solicitors or inspectors may enter upon the Lands at any reasonable time to view the state of repair.
- (d) Should, in the opinion of the Mortgagee, the Lands not be in a proper state of repair, the Mortgagee may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a period of 20 Business Days and if the Mortgagor has not complied or is not in the process of diligently complying with such requisition within the said time period, the Mortgagee may authorize the making of such repairs or replacements by its agents, employees or contractors who may enter upon the Lands for the purpose of doing such work with or without the Mortgagor's concurrence. The cost of such repairs and replacements shall be paid for by the Mortgagor upon demand and until paid shall be secured by this Mortgage, bear interest at the Interest Rate and be a charge upon the Lands. Provided always, that

should the Mortgagor have vacated or abandoned the Lands, or should the Lands be occupied by a tenant or tenants who are failing to properly maintain and repair the same and the Mortgagee in its sole discretion deems it necessary to enter upon the Lands in order to properly maintain and preserve its security, then in such events, the Mortgagee shall be entitled to so enter and such action by the Mortgagee shall not constitute it a mortgagee in possession nor liable as such.

3.4 Alterations or Additions

The Mortgagor shall not make, or permit to be made, any alterations or additions in the Lands which would reduce the value thereof without the prior written consent of the Mortgagee and the Mortgagor shall not use the Lands or permit them to be used for the purpose of any business, trade or manufacture of any description, except as contemplated by the Commitment Letter, without the consent of the Mortgagee.

3.5 Hazardous Substances

The Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that, except for substances used in the normal course in accordance with Environmental Laws for cleansing and maintaining the Lands:

- (a) neither the Mortgagor nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any Hazardous Substance to be placed, held, located or disposed of on, under or at the Lands, save and except as disclosed to the Mortgagee in writing;
- (b) it shall not allow any Hazardous Substance to be placed, held, located or disposed of on, under or at the Lands without the prior written consent of the Mortgagee which consent may be arbitrarily or unreasonably withheld;
- (c) it shall not allow the Lands to be utilized in any manner in contravention of any Environmental Laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (d) to the extent that Hazardous Substances are, with the Mortgagee's consent, placed, held, located or disposed of on, under or at the Lands in accordance with the terms hereof, the Mortgagor shall:
 - (i) comply with, or cause to be complied with, all Environmental Laws relating to the use, storage and disposal of the Hazardous Substances,
 - (ii) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all Environmental Laws, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor; and
- (e) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the Lands, the Mortgagor shall:
 - (i) maintain and repair such storage tanks in a manner satisfactory to the Mortgagee, and
 - (ii) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.

3.6 Indemnity

The Mortgagor hereby indemnifies and saves harmless the Mortgagee, its officers, directors, employees and agents, and its successors and assigns from and against any and all losses, liabilities, damages, costs and expenses of any kind whatsoever including, without limitation:

- (a) the costs of defending, counter-claiming or claiming over against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels;
- (b) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
- (c) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee;

which at any time or from time to time may be paid, incurred or asserted against the Mortgagee, as to a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Lands either onto any lands (including the Lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of the Mortgage or Collateral Security and the full repayment of the Mortgage Monies.

ARTICLE 4

4.1 Mortgagor's Representations and Warranties

The Mortgagor represents and warrants to the Mortgagee that:

- (a) the Mortgagor has a good title to the Lands;
- (b) the Mortgagor has the right to mortgage the Lands;
- (c) on default, the Mortgagee shall have quiet possession of the Lands, free from all encumbrances (except the Permitted Encumbrances);
- (d) the Mortgagor will execute such further assurances with respect to the Lands as may be required by the Mortgagee;
- (e) the Mortgagor has done no act to encumber the Lands in priority to this Mortgage (except the Permitted Encumbrances); and
- (f) all representations, warranties and statements made by the Mortgagor or their agent on any loan application or supporting documents are true and accurate in all material respects and shall survive the advance of the Principal Sum or any portion thereof. Any breach of any representation, warranty or statement shall be deemed to constitute an Event of Default.

ARTICLE 5

5.1 Default

Upon the occurrence of an Event of Default:

- (a) the Mortgagee may, at its option, and at the Mortgagor's expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed any covenant, agreement, proviso or stipulation contained herein or contained in the Collateral Security;
- (b) the Mortgagee may send or employ an Inspector or Agent to inspect and report upon the value, state and condition of the Lands and a Solicitor to examine and report upon the title to the same, all at the expense of the Mortgagor;
- (c) the Mortgagee may enter into possession of the Lands, either by itself or its agent, and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Lands or any part thereof for such terms, periods, and at such rent as the Mortgagee shall think proper;
- (d) it shall be lawful for, and the Mortgagor does hereby grant full power, right and license to, the Mortgagee to enter, seize and distrain upon the Lands or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises as much of the Mortgage Monies as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (e) the whole of the Mortgage Monies shall, at the option of the Mortgagee, become due and payable;
- (f) the Mortgagee may exercise each of the foregoing powers without notice to the Mortgagor; and
- (g) the exercise or the attempted exercise of one or more of the Mortgagee's rights or remedies hereunder shall not affect, delay or prejudice any other rights or remedies nor operate as a waiver thereof, and any or all of the said rights or remedies may be exercised concurrently or successively.

No waiver, express or implied, by the Mortgagee of any breach or default by the Mortgagor hereunder shall be deemed to be a waiver of any other breach or default. Failure on the part of the Mortgagee to complain of any default by the Mortgagor, irrespective of how long such default continues, shall not constitute a waiver by the Mortgagor of its rights hereunder.

5.2 No Merger

The taking of a judgment or judgments on any covenant contained herein or on any covenant which is set forth in any other security for payment of the Mortgage Monies or performance of the obligations hereby secured shall not operate as a merger of such covenant or affect the Mortgagee's right to interest at the Interest Rate set forth herein on any monies which are owing to the Mortgagee and such judgment shall provide that interest thereon shall be computed at the Interest Rate in the same manner as provided for herein until the judgment has been paid in full.

5.3 Release

The Mortgagee may at any time release any part of the Lands, or any of the covenants and agreements herein contained, or any Collateral Security, either with or without any consideration therefor, and without being accountable either for the value thereof or for any money except that which is actually received, and without thereby releasing or affecting any other of the Lands or any of the other covenants or agreements herein contained or releasing any guarantor.

5.4 No Obligation to Advance

Neither execution nor registration nor acceptance of this Mortgage, nor the advance of part of the Principal Sum shall bind the Mortgagee to advance the Principal Sum or any unadvanced portion thereof, but nevertheless this Mortgage shall take effect forthwith on its execution and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates and the amount of such advances when so made shall be secured hereby and repayable with interest as herein provided. In all events, the advance of the Principal Sum or any part thereof from time to time shall be in the sole, absolute, unfettered and unqualified discretion of the Mortgagee.

5.5 Additional Charges

All monies expended by the Mortgagee (with or without the knowledge, consent, concurrence or acquiescence of the Mortgagor) in relation to:

- (a) solicitor's, inspector's, valuator's and surveyor's fees and expenses for drawing and registering this Mortgage;
- (b) examining the Lands and the title thereto;
- (c) making or maintaining this Mortgage as a valid and subsisting charge (subject only to the Permitted Encumbrances) on the Lands;
- (d) principal, insurance premiums, Real Estate Taxes, rates, or any Prior Charge;
- (e) maintaining, repairing, restoring or completing the Lands;
- (f) any actions, inspections, expenses or costs of the Mortgagee (or for which the Mortgagee is responsible) taken, ordered or incurred upon the occurrence of an Event of Default;
- (g) inspecting, leasing, managing, or improving the Lands, including the price or value of any goods of any sort or description supplied to be used on the Lands;
- (h) enforcing, attempting to enforce or in pursuance of any right, power, remedy or purpose under this Mortgage and, in particular, but without limiting the generality of the foregoing, in relation to any court proceedings initiated or defended by the Mortgagee in respect of this Mortgage; and
- (i) legal costs as between a solicitor and his own client on a full indemnity basis (together with an allowance for the time, work and expenses of the Mortgagee, or of any agent, solicitor or servant of the Mortgagee) incurred or paid by the Mortgagee in relation to any of the above matters;

are to be secured hereby and shall be a charge on the Lands, together with interest thereon at the Interest Rate, and all such monies shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing Monthly Instalment payable hereunder, except as herein otherwise provided. It is the express intention and agreement of the Mortgagor and Mortgagee that the Mortgagor shall fully and totally indemnify the Mortgagee for all costs, expenses, charges and monies of any nature whatsoever either directly or indirectly arising out of or associated with this Mortgage.

5.6 Right of Subrogation

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

5.7 Monies Received or Collected

The Mortgagee shall not be charged with any monies receivable or collectible out of the Lands or otherwise except those actually received. All revenue of the Lands received or collected by the Mortgagee from any source other than payment by the Mortgagor (including all monies received by a Receiver) may, at the option of the Mortgagee, be retained in a suspense account or be used in maintaining or insuring or improving the Lands, or in payment of Real Estate Taxes or other charges against the Lands, or be applied on the mortgage account, and the Mortgagee shall not be under any liability to pay interest on any sums in a suspense account.

5.8 Discharge

The Mortgagee shall have a reasonable time after receipt of payment in full within which to have prepared and to execute a discharge of this Mortgage. A tender of the Mortgage Monies shall not entitle the Mortgagor to immediately receive such discharges.

5.9 Partial Discharge

Intentionally Deleted

5.10 Exercise of Discretion

Any discretion, option, decision or opinion hereunder on the part of the Mortgagee shall be sufficiently exercised or formed if exercised by an executive officer of the Mortgagee, or by any officer or agent appointed by the Mortgagee company for that purpose.

5.11 Default Under Prior Charge

If the Mortgagor defaults in the performance of the covenants, payments or conditions contained in any Prior Charge then such default shall constitute a default hereunder and the Mortgage Monies shall, at the option of the Mortgagee, become forthwith due and payable. The Mortgagee shall be at liberty in the event of such default, but shall not be obligated, to pay any arrears or other sums payable under the Prior Charge, or pay off all or any portion of the principal and/or interest thereby secured. Any amounts so paid by the Mortgagee shall:

- (a) be added to the Principal Sum;
- (b) bear interest at the Interest Rate until paid;
- (c) be a charge upon the Lands; and
- (d) unless repaid to the Mortgagee upon demand, be recoverable from the Mortgagor in the same manner as if such sum had been originally advanced and secured hereby.

For the purposes of tendering any arrears or other sums payable to a holder of a Prior Charge, the Mortgagor hereby irrevocably appoints the Mortgagee its agent for such purpose and

irrevocably directs the Mortgagee to tender such monies upon the holder of a Prior Charge, in the name of and on behalf of the Mortgagor. In this regard, the Mortgagor hereby assigns unto the Mortgagee its equity of redemption, if any, with respect to the said Prior Charge together with the statutory right of redemption given to the Mortgagor by the provisions of Section 39 of the *Law of Property Act* (Alberta). It is the intention of the parties that the Mortgagee shall have the same rights and powers but not the liabilities as the Mortgagor under and pursuant to the terms of the Prior Charge so that the Mortgagee will be in a position to take whatever steps are necessary to bring the Prior Charge into good standing once a default has occurred thereunder. This assignment is not intended to encompass the Mortgagor's entire interest in the said Prior Charge, but only to the extent hereinbefore stipulated. Nothing herein contained shall create an obligation upon the Mortgagee to cure any default on behalf of the Mortgagor.

5.12 Default Under Subsequent Charge

If the Mortgagor defaults in the performance of the covenants, payments or conditions contained in any Subsequent Charge then such default shall constitute a default hereunder and the Mortgage Monies shall, at the option of the Mortgagee, become forthwith due and payable.

ARTICLE 6

6.1 Appointment of Receiver

Upon the occurrence of an Event of Default, the Mortgagee may in writing appoint any person or persons, whether an officer or officers or employee or employees of the Mortgagee or not, to be a Receiver of the Lands and assets which are charged in favour of the Mortgagee and the rents and profits derived therefrom. The Mortgagee may remove any Receiver so appointed and appoint another or others in his or their stead. The following provisions shall apply to this paragraph:

- (a) A Receiver so appointed shall be conclusively the agent or agents of the Mortgagor and the Mortgagor shall be solely responsible for the acts or defaults and for the remuneration and expenses of the Receiver. The Mortgagee shall not be in any way responsible for any misconduct or negligence on the part of any Receiver and may, from time to time, fix the remuneration of every Receiver and be at liberty to direct the payment thereof from proceeds collected.
- (b) Nothing contained herein and nothing done by the Mortgagee or by a Receiver shall render the Mortgagee a mortgagee in possession or responsible as such.
- (c) All monies received by the Receiver, after providing for payment and charges ranking prior to this Mortgage and for all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver as hereinafter set forth, shall be paid by the Receiver to the Mortgagee and applied by the Mortgagee in accordance with the terms of this Mortgage.
- (d) The Receiver so appointed shall have power to:
 - (i) take possession of, collect and get in the property, rents and profits, charged by this Mortgage and any additional or Collateral Security granted by the Mortgagor to the Mortgagee and for that purpose to take any proceedings, be they legal or otherwise, in the name of the Mortgagor or otherwise;
 - (ii) carry on or concur in carrying on the business which the Mortgagor is conducting on and from the Lands;

- (iii) lease or re-lease all or any portion of the Lands and for this purpose to execute contracts in the name of the Mortgagor which contracts shall be binding upon the Mortgagor;
 - (iv) improve, maintain, manage, operate, repair, renew, replace and restore the Lands or any part thereof;
 - (v) surrender, rescind, vary or amend any lease or contract relating to the Lands and the operation thereof;
 - (vi) borrow money for the purpose of improving, maintaining, managing, operating, repairing, renewing, replacing or restoring the Lands or otherwise in such amount and in such manner as would, in the opinion of the Receiver, be sufficient for its purposes, on the security of the Lands and the assets charged by the Collateral Security, and in doing so the Receiver may issue certificates which may be payable in a manner and which may bear interest at a rate determined by the Receiver and all amounts payable pursuant to such certificates shall form a charge upon the Lands in priority to this Mortgage; and
 - (vii) sell the Lands for cash or for credit or partly for cash and partly for credit, by tender, private sale or private auction as a whole or in separate parcels with or without a reserve bid, with or without advertisement and at any time or times and on such terms as the Mortgagee or the Receiver deems reasonable and may engage a real estate agent in connection with any sale (including an agent affiliate with the Mortgagee or the Receiver).
- (e) The rights and powers conferred by this paragraph are supplemental to and not in substitution for any other rights which the Mortgagee may have from time to time.
 - (f) The Mortgagor hereby irrevocably appoints the Mortgagee and any Receiver appointed as aforesaid to be its attorney in its name and on its behalf to execute and perform any conveyances, assurances and things which the Mortgagor ought to execute and perform under the covenants herein contained and generally to use the name of the Mortgagor in the exercise of any of the powers hereby conferred on the Mortgagee and any Receiver and, without limiting the generality of the foregoing, the Mortgagee and Receiver appointed as aforesaid are hereby appointed pursuant to s.115 of the *Land Titles Act* (Alberta) as the Mortgagor's attorney to execute and deliver, under the seal of the Mortgagor, or by the hand and under the seal of the Mortgagee or the Receiver, any and all transfers, deeds, mortgages, discharges, postponements and any and all other documents which the Mortgagee or the Receiver deem it expedient to execute or deliver.
 - (g) The Receiver appointed hereunder shall not be obligated to take possession or control of the whole of the business of the Mortgagor. Rather, the Mortgagee's right to appoint shall be restricted to the Lands and the rents, profits and any business deriving therefrom.

ARTICLE 7

7.1 Assignment of Rents

- (a) The Mortgagor does hereby fully and absolutely assign, transfer and set over to the Mortgagee all of the rents due or to accrue due and to be payable in respect of the Lands and any and every part thereof including but not restricted to any and all Leases and rental agreements of every nature, kind and description, present and future and all

benefits and advantages to be derived therefrom and all the rights of the Mortgagor to enforce payment thereof, by way of distress or otherwise.

- (b) This Assignment shall be effective during the currency of the Mortgage.
- (c) Nothing contained herein shall be deemed to have the effect of making the Mortgagee responsible for the collection of the rents, or any part thereof, or for the performance of any covenant, term or condition by the Mortgagor as Landlord or Lessor, as contained in any Lease or rental agreement.
- (d) The Mortgagee shall, at its option, be entitled to enforce and rely upon this Assignment upon the occurrence of an Event of Default.
- (e) The Mortgagee shall not, by reason of this paragraph or by reason of any steps, actions, distress or other proceedings taken to enforce any of the rights granted to it hereunder, be deemed to be or will be a mortgagee in possession of the Lands or any part thereof.
- (f) The Mortgagee shall be liable to account to the Mortgagor for only such monies as may be actually received by the Mortgagee.
- (g) Neither this Assignment or anything contained herein shall bind the Mortgagee to recognize any Lease or rental agreement with respect to the Lands or any part thereof, nor in any way render the interest of the Mortgagee in the Lands subject to any such Lease or rental agreement. All remedies now or hereafter available to the Mortgagee as described in this Mortgage or in any Collateral Security granted to the Mortgagee by the Mortgagor are hereby reserved to the Mortgagee and may be exercised notwithstanding any Lease, rental agreement or this Assignment.
- (h) The Mortgagor represents to the Mortgagee that no rental has been paid in advance under any Lease or rental agreement in respect of the Lands or any part thereof, except with the prior written consent of the Mortgagee, and that the Mortgagor will not demand or accept in advance any rents reserved or payable under any Lease or rental agreement without the prior written consent of the Mortgagee.
- (i) When required by the Mortgagee, the Mortgagor will from time to time, assign to the Mortgagee the Mortgagor's interest in each and every specific Lease of the Lands and any and every part thereof.

ARTICLE 8

8.1 Construction

In the event that the Principal Sum is to be advanced hereunder from time to time upon the progress of construction of a building or buildings being or to be erected upon the Lands, then, and in such event:

- (a) it is the intention of the parties hereto that the building or buildings being erected or to be erected on the Lands form part of the security for the full amount of the Mortgage Monies;
- (b) all advances under this Mortgage shall be made from time to time in the future in accordance with the progress of construction of such building or buildings and shall be made in such manner, at such times, and in such amounts up to the Principal Sum to be advanced hereunder as the Mortgagee in its sole discretion may determine,

subject always to the provisions hereinbefore set out whereby the Mortgagee is not bound to advance any unadvanced portion thereof;

- (c) the Mortgagor covenants and agrees with the Mortgagee:
 - (i) to construct and erect a building or buildings or other improvements on the Lands all in accordance with plans and specifications which have been or are hereafter approved by the Mortgagee, and
 - (ii) to carry on diligently to completion the construction and erection of the same;
- (d) the Mortgagee shall be at liberty, but shall not be obliged, to retain such sums as it may deem necessary as builders' lien holdbacks in the amount prescribed by the *Builders' Lien Act* (Alberta) or other applicable legislation, which sums shall be held for such length of time, both during and after completion of the said building or buildings, as the Mortgagee may see fit;
- (e) the Mortgagee may pay any builders' liens which may exist or be claimed, and it shall not be liable or responsible to determine the validity or correctness of any such claim;
- (f) in the event that the Mortgagee should pay any such liens to an amount greater than the Principal Sum, such excess amounts so paid shall be added to the Principal Sum, shall bear interest at the Interest Rate and shall be repaid by the Mortgagor to the Mortgagee forthwith;
- (g) if the Mortgagor should fail in the erection and completion of the said building or buildings or should neglect to carry on the work of erecting and completing same with reasonable diligence, including, without restriction, if the Mortgagor ceases to construct for a period of fifteen (15) days without the consent of the Mortgagee:
 - (i) the Mortgagee may, but shall not be obliged, without notice to the Mortgagor, enter upon the Lands and take possession thereof with power to carry on the erection and completion of the said building or buildings and with discretion to alter the plans and specifications if it deems necessary in order to complete the same,
 - (ii) if the Mortgagee should be unable properly to complete the same with the Principal Sum, the Mortgagee may in its sole discretion advance or lay out such further monies as may be so required and such further monies to be advanced or laid out by the Mortgagee shall be added to the Principal Sum and:
 - A. be repaid by the Mortgagor to the Mortgagee forthwith on demand,
 - B. accrue interest at the Interest Rate as if the money were interest in arrears until payment is received by the Mortgagee (such interest to run from the date of payment by the Mortgagee),
 - C. be a charge upon the Lands until repaid with interest as aforesaid; and
- (h) if the Mortgagor should default in the erection and completion of the said building or buildings or in the event any lien is registered against the Lands, the whole of the Mortgage Monies shall, at the option of the Mortgagee, become due and payable.

ARTICLE 9

9.1 **Expropriation and Condemnation**

- (a) If the Lands or any part thereof are condemned under any power of eminent domain or are acquired by expropriation for any public use or quasi public use, the damages, proceeds, consideration and award for such acquisition, to the extent of the full amount of the Mortgage Monies and obligations secured hereby remaining unpaid, are hereby assigned by the Mortgagor and shall be paid forthwith to the Mortgagee and its successors and assigns. If a portion only of the Lands are taken in the expropriation without resulting damage to the buildings and improvements or any part thereof, or if a portion of the Lands is taken in such expropriation proceedings with resulting damage to the buildings and improvements and the amount of the award made therein is based on a determination that the portion of the buildings and improvements remaining on the portion of the Lands not so taken can practicably be rehabilitated, then the provisions of this Mortgage relating to insurance proceeds in case of loss or damage shall apply to the award in the said expropriation and the same shall be applied accordingly.
- (b) The Mortgagor acknowledges that it is aware of the provisions of Sections 49 and 52 of the *Expropriation Act* (Alberta), and any amendments thereto (dealing with the situation where, in the event of an expropriation of lands subject to a security interest, the amount owing to the security holder is greater than the market value of the interest in the expropriated land) and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof. In addition, the Mortgagor covenants to pay any difference between the Mortgage Monies and the monies paid by the expropriating authority to the Mortgagee together with interest thereon at the Interest Rate both before and after maturity, default and the obtaining of any judgment by the Mortgagee.
- (c) Notwithstanding the foregoing subparagraphs (a) and (b) the Mortgagee shall be at liberty, at its sole option, to declare the whole of the Mortgage Monies as being immediately due and payable in the event that any portion of the Lands shall be the subject matter of an expropriation proceeding.
- (d) Any monies awarded by an order of either the Land Compensation Board or the Surface Rights Board with respect to all or any part of the Lands to the extent of the full amount of the Mortgage Monies are herewith assigned by the Mortgagor and shall be paid forthwith to the Mortgagee, its successors and assigns.

ARTICLE 10

10.1 **Condominium**

If the Lands or any portion thereof is now subject to or becomes subject to a condominium plan duly created pursuant to the provisions of the *Condominium Property Act*, then:

- (a) The Mortgagor hereby fully and absolutely assigns, transfers and sets over unto the Mortgagee, any and all of the Mortgagor's voting rights now existing or which may come into existence with respect to the Lands, and with respect to the Condominium Corporation whether such voting rights arise under the *Condominium Property Act*, under the Bylaws of the Condominium Corporation, under any agreement with the Condominium Corporation, or otherwise. The Mortgagor covenants and agrees to execute any materials or documentation which in the sole opinion of the Mortgagee is necessary or advisable to give full effect to such assignment, transfer and setting over

of the voting rights. Provided, however, that in the event that the Mortgagee is not present in person or by proxy, or if present, does not wish to vote, then the Mortgagor may without further authority exercise all voting rights other than the right to vote on any matter requiring a unanimous resolution. Provided further that the Mortgagee may, by notice in writing to the Mortgagor, revoke and terminate all voting rights and privileges of the Mortgagor.

- (b) It is further stipulated, provided and agreed that notwithstanding anything to the contrary herein contained:
 - (i) the Mortgagor covenants and agrees with the Mortgagee that the Mortgagor shall observe and perform each and every one of the covenants and provisions required to be performed under or pursuant to the terms of this Mortgage, the Condominium Property Act the bylaws of the Condominium Corporation and any amendments thereto, and under any agreement between the Mortgagor and the Condominium Corporation, and
 - (ii) without limiting the generality of the foregoing subparagraph, the Mortgagor covenants to pay promptly when due any and all assessments, instalments or payments owing to the Condominium Corporation in relation to the Lands.
- (c) The Mortgagor further covenants and agrees that where the Mortgagor defaults in the Mortgagor's obligations to contribute to the common expenses assessed or levied by the Condominium Corporation or any authorized agent on its behalf, or any assessment, instalment or payment owing to the Condominium Corporation, or upon breach of any covenant or provision contained in this Section, then regardless of any other action or proceeding taken or to be taken by the Condominium Corporation, the Mortgagee, at its option and without notice to the Mortgagor:
 - (i) firstly, may, but shall not be obliged to, pay such contribution to the common expenses, assessment, instalment or payment owing to the Condominium Corporation or rectify any such default or breach by the Mortgagor and all monies so paid and expended by the Mortgagee shall be secured hereby and shall be a charge on the Lands together with interest thereon at the Interest Rate and all such monies shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing Monthly Instalment; and
 - (ii) secondly, may deem such default to be a default under the terms of this Mortgage and proceed to exercise its rights hereunder.

ARTICLE 11

11.1 Interpretation

Wherever the singular number or masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires. In any case, where this Mortgage is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several. The respective heirs, executors, administrators, successors and assigns of any party executing this Mortgage are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained. The covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

11.2 Permitted Encumbrances

The parties acknowledge that this Mortgage is to be registered subject only to the Permitted Encumbrances.

11.3 Renewal or Extension

This Mortgage shall automatically renew at the end of the Term and the end of each subsequent renewal term, for a further period of 6 months (each, a "Renewal Term") on the same terms herein with the following exception: (i) on the first day of each Renewal Term, a renewal fee equal to 1.50% of the Mortgage's Principal Sum outstanding as at that date (each, a "Renewal Fee") becomes fully earned, due and payable to the Mortgagee in its capacity as administrator of the Mortgage. Each such Renewal Fee shall form a part of the Principal Sum outstanding if it is not actually paid by the Mortgagor to the Mortgagee. Notwithstanding the foregoing, the Mortgagee may terminate this automatic renewal clause at any time, in its sole discretion.

Notwithstanding the foregoing, this clause does not apply if the Mortgagor pays to the Mortgagee all the Mortgage Monies owing hereunder at the Maturity Date or at the end of any subsequent Renewal Term. In the event that the Mortgagee shall agree to renew or extend the term of this Mortgage, such renewal or extension agreement need not be registered against the title to the Lands, but the agreement shall be binding upon the Mortgagor, its assignees, and all subsequent mortgagees, encumbrancers or other parties claiming an interest in the Lands. Such agreement shall take priority as against such assignees and subsequent mortgagees, encumbrancers and other parties. It is expressly acknowledged and agreed that the Mortgagee may change any one or more of the Mortgage's substantive terms without obtaining the Mortgagor's express consent to the change(s), including but not limited to increasing the Interest Rate chargeable hereunder and amending the Term.

11.4 Commitment Letter Not Merged

The provisions of the Commitment Letter, all as accepted by the Mortgagor, are not superseded by or merged in the execution or registration of the Mortgage or any additional and Collateral Security and the provisions of the Commitment Letter shall remain in full force and effect until all of the conditions thereof to be observed and performed by the Mortgagor have been fully paid and satisfied, provided however that in the event of a conflict between the terms of the Commitment Letter and the terms of this Mortgage or the Collateral Security, the terms of this Mortgage or the Collateral Security, as the case may be, shall prevail.

11.5 Administration Fee

In the event of the occurrence of an Event of Default, then the Mortgagee shall, notwithstanding anything contained herein to the contrary, be entitled to receive in addition to all other fees, charges and disbursements an administration and management fee as follows:

- (a) \$250.00 per occurrence of late payment as required by Section 2.2(a) hereof or/and a returned cheque;
- (b) \$200.00 per occurrence of default of insurance required by Section 3.1 hereof;
- (c) \$1,500.00 for taking possession of the Lands after an Event of Default, and \$250.00 per day for the administration, maintenance, and security of the Lands; and
- (d) Such other reasonable charges for administration.

This administration and management fee is intended to reimburse the Mortgagee for time and trouble in the management and administration of this Mortgage and of the Lands. The said sum or sums are agreed to be a liquidated amount to cover the Mortgagee's administration and management costs and are not intended nor shall be construed to be a penalty. All such sums payable to the Mortgagee shall be a charge upon the Lands and shall bear interest at the Interest Rate until paid.

11.6 Mortgage Statement

The Mortgagee may charge and the Mortgagor shall pay \$100.00 for each mortgage statement requested by the Mortgagor.

11.7 Pre-Authorized Cheque Withdrawal

The Mortgagor shall continue throughout the currency of this Mortgage to provide to the Mortgagee, at the Mortgagee's request, documentation so as to effect a pre-authorized cheque withdrawal for the purposes of paying the Monthly Instalments.

11.8 Financial Records

The Mortgagor shall:

- (a) maintain proper records and books of account with respect to the revenues and expenditures in relation to the Lands;
- (b) permit the Mortgagee or any person appointed by the Mortgagee for that purpose to examine such records and books at all reasonable times, to make copies or extracts therefrom;
- (c) give to the Mortgagee all information with regard to the revenues and expenditures in relation to the Lands which the Mortgagee may reasonably require and, in particular, without limiting the generality of the foregoing, the Mortgagor shall provide the Mortgagee with such financial information and financial statements as are required pursuant to the Commitment Letter.

The Mortgagee shall at any time and from time to time at its own expense, be at liberty to inspect the books and accounts of the Mortgagor, related to the Mortgagor's operations with respect to the Lands, and for such purposes the Mortgagor shall make available to the Mortgagee and its accountants all books of account and records and all vouchers, books, papers and documents which may relate to the Lands.

11.9 Collateral Security

As additional and collateral security for the repayment of the monies hereby secured and the performance of the covenants contained herein, the Mortgagor shall execute and deliver the Collateral Security to the Mortgagee. None of the rights or remedies of the Mortgagee under this Mortgage or under the Collateral Security shall be merged in, waived, delayed, impaired, prejudiced or suspended by the Collateral Security or any act of the Mortgagee pursuant thereto.

11.10 Default Under Collateral Security

- (a) If the Mortgagor or any guarantor makes default under the Collateral Security, the same shall constitute an Event of Default under this Mortgage.
- (b) It is understood and agreed that the occurrence of an Event of Default shall constitute a default under the Collateral Security.

11.11 Notices

- (a) Any notice, request, demand, pleading, judicial documentation or any other communications (each a "Communication") to be made, served, or given between the parties hereto under or in connection with:
- (i) this Mortgage;
 - (ii) the Mortgagee's enforcement of its rights hereunder;
 - (iii) the Mortgagee's exercise of its rights in respect of enforcement of the Collateral Security; or
 - (iv) the commencement of proceedings or service of any legal process pursuant to the provisions of the Alberta Rules of Court AR 124/2010, the *Judicature Act* (Alberta) RSA 2000, c J-2, the *Law of Property Act* (Alberta) RSA 2000, c. L-7, the *Bankruptcy and Insolvency Act* RSC. 1985, c. B-3, the Bankruptcy and Insolvency General Rules CRC. c. 368, the *Personal Property Security Act* (Alberta) RSA 2000 c P-7, or any legislation related thereto or successor legislation thereof

shall be deemed to have been well and sufficiently received if served either personally or by prepaid registered mail addressed to the Mortgagor at the Mortgagor's Address, or, if to the Mortgagee, to the Mortgagee's Address, or sent by electronic transmission to the Mortgagor's Email or Mortgagee's Email, as applicable. The Mortgagee shall be entitled to rely on any communication so delivered to the Mortgagor with respect to any matter and shall not be required to make any independent investigation thereof. The Mortgagor expressly acknowledges that any such communication sent by electronic transmission may pertain to and engage certain of their legal rights and interests in and to the Collateral, and shall not constitute, nor in any way be considered to be, defective or irregular notice. Each party shall provide the other with written notice of any change to its email address no later than five business days following such change. Any communication sent to the Mortgagor's Email or Mortgagee's Email prior to receipt by the sending party of a notice of any change shall be deemed good and sufficient. Each communication sent by electronic transmission by email shall be deemed to have been delivered on the day of communication with confirmation of transmission, if communicated at or before 5:00 p.m. Edmonton time on a business day, or on the next business day if communicated after that time.

- (b) No want of notice or publication when required by this Mortgage or by any statute nor any impropriety nor irregularity shall invalidate any sale made or purported to be made under this Mortgage.

11.12 Receipt Acknowledged

The Mortgagor acknowledges receipt of a true copy of this Mortgage.

11.13 Charge

For better securing to the Mortgagee repayment of the Principal Sum, interest and the Mortgage Monies, the Mortgagor hereby mortgages to the Mortgagee all of its right, title, estate and interest in the Lands.

11.14 Prepayment

So long as an Event of Default has not occurred and provided that the Mortgagee has earned a minimum of three (3) months interest on any and all funds advanced (the "Minimum Interest"), the Mortgagor shall have the privilege of prepaying, either in whole or in part, the Principal Sum hereby secured upon payment of a prepayment fee which is equal to thirty (30) days' interest payable on the amount being prepaid.

In the event that the Mortgagor is prepaying all or a portion of the Principal Sum prior to the Minimum Interest being paid, the difference between the interest paid to the date of prepayment and the Minimum Interest shall be added to the prepayment fee and the amount required to discharge the Mortgage.

11.15 Due on Sale

In the event that the Mortgagor shall sell, convey, transfer or assign (or purport to do so) the Lands to a purchaser, transferee or assignee without first obtaining the Mortgagee's consent in writing, then, at the Mortgagee's option, such sale, conveyance, transfer or assignment shall constitute an Event of Default. Such consent may be unreasonably or arbitrarily withheld. Provided however, the Mortgagee may require, as one of the conditions of giving consent hereunder, that any such purchaser, transferee or assignee provide such financial information as may be required by the Mortgagee and execute an assumption agreement in favour of the Mortgagee, to be prepared in a form satisfactory to the Mortgagee at the Mortgagor's expense. In addition the Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder.

In the event that the Mortgagor or any other party who becomes liable to perform and observe the covenants herein should be a corporation, then any direct or indirect transaction or dealing whatsoever which affects the share structure or share ownership of such corporation and which results in a change in control, either legal or beneficial, of that corporation shall constitute an event as hereinbefore described such that the Mortgagee's prior written consent as aforesaid is to be obtained, failing which, such transaction shall, at the Mortgagee's option, constitute an Event of Default.

11.16 Assumption and Amendment

The Mortgagor, together with any other party who becomes liable hereunder shall continue to be liable under this Mortgage until all of the Mortgage Monies have been paid in full notwithstanding:

- (a) the assumption of the Mortgage by any party, with or without the consent of the Mortgagee or the Mortgagor; and
- (b) any renewal or extension of this Mortgage or any amendment or modification of the terms or covenants contained herein (including without restriction any increase or decrease in the Interest Rate, the amortization period or the Monthly Instalments, or any extension or reduction in the length of the Term) with or without the consent of the Mortgagee or the Mortgagor.

11.17 Unenforceable Terms

If any term, covenant or condition of this Mortgage or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent the remainder of this Mortgage or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby and each remaining term, covenant or

condition of this Mortgage shall be valid and shall be enforceable to the fullest extent permitted by law.

11.18 Subsequent Encumbrances

The Mortgagor shall not grant any subsequent financial encumbrance charging the Mortgaged Premises without the prior written consent of the Mortgagee.

11.19 Limitation of Actions

Should the Mortgagor default in the performance of any of the terms and conditions contained in this Mortgage, the limitation period will run as follows:

- (a) the limitation period shall commence on the date upon which a written notice of default has been served by the Mortgagee upon the Mortgagor in accordance with the notice provisions contained herein; and
- (b) pursuant to section 7 of the *Limitations Act* (Alberta), as amended from time to time, the limitation period governing this Mortgage shall be ten (10) years to commence on the date specified in (a) above.

11.20 Governing Law

This Mortgage shall be governed by the laws of the Province of Alberta and the Courts of the Province of Alberta shall have exclusive jurisdiction over any dispute or action arising herefrom.

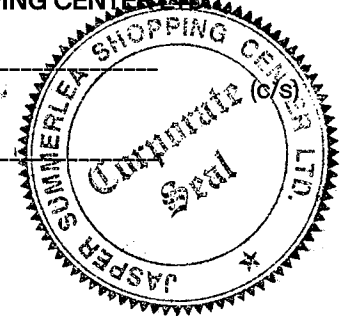
IN WITNESS WHEREOF the Mortgagor has executed this Mortgage on December 13, 2020.

JASPER SUMMERLEA SHOPPING CENTER LTD.

Per: _____

Judy Cheung
PRESIDENT

Per: _____



SCHEDULE "A"

to that certain Mortgage made on December 13, 2020, between
JASPER SUMMERLEA SHOPPING CENTER LTD. (as Mortgagor) and
KV CAPITAL INC. (as Mortgagee).

Mortgaged Lands

PLAN 8220508
BLOCK 30
LOT 9
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.405 HECTARES (1 ACRE) MORE OR LESS

Permitted Encumbrances

- Utility Right of Way #752 137 803
- Caveat #192 083 927
- Utility Right of Way #202 005 584
- Utility Right of Way #202 029 532

SCHEDULE "B"

to that certain Mortgage made on December 13, 2020, between JASPER SUMMERLEA SHOPPING CENTER LTD. (as Mortgagor) and KV CAPITAL INC. (as Mortgagee).

Collateral Security

- (a) Security Agreement
- (b) General Assignment of Rents and Leases
- (c) Assignment of Insurance Policies
- (d) Assignment of Contracts, Construction Documents, Insurance Proceeds and Letters of Credit
- (e) Assignment and Pledge of Interest Reserve Account
- (f) Assignment of Purchase Agreements
- (g) Environmental Indemnity Agreement.

**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

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LAND TITLES ACT
(ALBERTA)

MORTGAGE

JASPER SUMMERLEA SHOPPING CENTER LTD.

TO

KV CAPITAL INC.

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Schedule "A" - Mortgaged Lands

Schedule "B" - Collateral Security

MORTGAGE

Land Titles Act

RECITALS:

- A. The Mortgagor is or is entitled to become the registered owner of the Lands;
- B. The Mortgagee has agreed to lend the Principal Sum to the Mortgagor;
- C. As security for repayment of the Principal Sum together with interest and performance of the covenants contained herein, the Mortgagor has agreed to grant this Mortgage in favour of the Mortgagee.

The Mortgagor and Mortgagee covenant each with the other as follows:

ARTICLE 1

1.1 Definitions

In this Mortgage, unless there is something in the subject matter or context inconsistent therewith:

- (a) "Business Days" means days other than Saturdays, Sundays and Statutory Holidays in the Province of Alberta;
- (b) "Collateral Security" means that additional and collateral security, if any, which is described in Schedule "B" attached hereto, or which may be required pursuant to the provisions of this Mortgage or the Commitment Letter to be granted in favour of the Mortgagee and includes all guarantees, indemnities or covenants provided in relation to this Mortgage;
- (c) "Commitment Letter" means that certain letter from the Mortgagee (or the Mortgagee's agent) to the Mortgagor dated November 24, 2020, as amended on August 9, 2022 and amended from time to time;
- (d) "Communication" has the meaning ascribed to it in Section 11.11(a) herein;
- (e) "Environmental Laws" means all applicable laws, statutes, rules, by-laws and regulations, and all applicable directives, orders, codes, judgments and decrees of any Governmental Authority, whether now in existence or hereafter arising, intended to regulate or protect the environment, any living thing or relating to Hazardous Substances;
- (f) "Event of Default" means the occurrence of any one or more of the following events:
 - (i) a default by the Mortgagor in the observance or performance of any of the terms or conditions of this Mortgage, the Collateral Security or the Commitment Letter,
 - (ii) an order being made or an effective resolution being passed for the winding up of the Mortgagor or a petition being filed for the winding up of the Mortgagor,

- (iii) the Mortgagor becoming insolvent or the filing or presenting of a petition in bankruptcy against the Mortgagor,
 - (iv) the appointment of a Receiver or Receiver-Manager of the Mortgagor or any of its assets either privately or by court appointment,
 - (v) any proceeding with respect to the Mortgagor which is commenced under the *Companies Creditors Arrangement Act* or any successor legislation,
 - (vi) the Mortgagor making a proposal under the *Bankruptcy and Insolvency Act* or any successor legislation,
 - (vii) any execution, sequestration or other process of any Court becoming enforceable against the Mortgagor or a distress or analogous process being levied upon the property of the Mortgagor or any part thereof which is not satisfied or discharged, as the case maybe, within 15 days from the date upon which the Mortgagor receives written notice of the same from the Mortgagee, and
 - (viii) any other event which, pursuant to the terms of the Mortgage constitutes, or is deemed to constitute, an Event of Default;
- (g) "Governmental Authority" means any government, parliament, legislature, council, or any other regulatory authority, bureau, tribunal, department, agency, commission or board of any government, parliament, legislature or council, or any court, having or purporting to have under the authority of any of the foregoing;
- (h) "Hazardous Substances" means any substance which is hazardous to persons or property and includes, without limiting the generality of the foregoing:
- (i) radioactive materials,
 - (ii) explosives,
 - (iii) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant,
 - (iv) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
 - A. endangers the health, safety or welfare of persons or the health of animal life,
 - B. interferes with normal enjoyment of life or property, or
 - C. causes damage to plant life or to property,
 - (v) toxic substances including, without restriction, urea formaldehyde foam insulation, asbestos and poly-chlorinated biphenyls, and
 - (vi) substances declared to be hazardous or toxic under any law or regulation now or hereafter enacted or promulgated by any governmental authority having jurisdiction over the Mortgagor, the Mortgagee or the Lands;

- (i) "Interest Rate" means the greater of:
 - (i) the Prime Rate plus 6.05% per annum, calculated daily and compounded monthly, not in advance, and
 - (ii) 8.50% per annum, calculated daily and compounded monthly, not in advance;
- (j) "Lands" means that parcel or parcels of land situate in the Province of Alberta and legally described in Schedule "A" attached hereto, together with all improvements of every kind whether or not affixed thereto or which are now or may hereafter be placed or installed thereupon;
- (k) "Leases" means all leases, offers to lease or other tenancy agreements related to the Lands in place as at the date of this Mortgage or subsequently entered into in accordance with the terms of this Mortgage;
- (l) "Maturity Date" means 12 months from the first day of the month immediately following the date of the first advance of the Principal Sum;
- (m) "Monthly Instalments" means monthly payments of interest only, calculated at the Interest Rate, on so much of the Principal Sum as shall be outstanding from time to time;
- (n) "Mortgage" means this mortgage together with all recitals and schedules attached hereto;
- (o) "Mortgage Monies" means the Principal Sum with interest thereon at the Interest Rate, together with all other monies secured by this Mortgage, including without restriction, any advances, fees or expenses made or incurred by the Mortgagee in accordance with Section 5.5 hereof;
- (p) "Mortgagee" means KV Capital Inc.;
- (q) "Mortgagee's Address" means Suite 101, 1290 - 91 Street SW, Edmonton, Alberta, T6X 0P2 or such other address as the Mortgagee shall from time to time direct;
- (r) "Mortgagee's Email" means pm@kvcapital.ca, the email address to which a Communication may be sent to the Mortgagee in accordance with Section 11.11(a) herein or such other email address as the Mortgagee shall from time to time direct the Mortgagor with written notice;
- (s) "Mortgagor" means Jasper Summerlea Shopping Center Ltd.;
- (t) "Mortgagor's Address" means 17006 - 90 Avenue, Edmonton, Alberta T5T 1L6 or such other address as the Mortgagor shall from time to time direct;
- (u) "Mortgagor's Email" means judychen1961@gmail.com the email address to which a Communication may be sent to the Mortgagor in accordance with Section 11.11(a) herein or such other email address as the Mortgagor shall from time to time direct the Mortgagee with written notice;
- (v) "Permitted Encumbrances" means those encumbrances described in Schedule "A" attached hereto;

- (w) "Prime Rate" means the prime lending rate of interest per annum which is established and charged from time to time by TD Canada Trust as its non-mortgage prime lending rate for loans in Canadian dollars to customers. The Prime Rate will be adjusted (if necessary) on the first Business Day of each month during the Term and any change in the Prime Rate shall be effective on the Business Day on which it is changed without notice to the Mortgagor;
- (x) "Principal Sum" means the sum of \$6,500,000.00 in lawful money of Canada;
- (y) "Prior Charge" means any mortgage, lien, agreement for sale, encumbrance, interest in land or other charge or claim upon or with respect to the Lands which has or may have or which may acquire priority to this Mortgage, including, without restriction, the Permitted Encumbrances;
- (z) "Real Estate Taxes" means all taxes, local improvement charges, rates, assessments, levies, liens and penalties which are now or may hereafter be imposed or charged or be chargeable against or payable in respect of the Lands and shall include any levy or mortgage tax or principal and interest tax imposed or which may be imposed on this Mortgage or on the Mortgagee in respect of this Mortgage or on the monies secured by this Mortgage or on the Lands but shall exclude income taxes;
- (aa) "Receiver" means any person or persons appointed by the Mortgagee in accordance with Section 6.1 herein and includes a receiver, and a receiver and a manager;
- (bb) "Subsequent Charge" means any mortgage, lien, agreement for sale, encumbrance, interest in land or other charge or claim upon or with respect to the Lands which has or may have or which may be registered subsequent to this Mortgage; and
- (cc) "Term" means the period of time from the date hereof to and including the Maturity Date but subject to any renewals or extensions thereof.

ARTICLE 2

2.1 Loan of Principal Sum

The Mortgagee agrees to lend the Principal Sum to the Mortgagor upon the terms and conditions contained herein but subject to the Mortgagee's discretion not to advance.

2.2 Repayment

The Mortgagor shall pay the Principal Sum, with interest thereon at the Interest Rate, to the Mortgagee at the Mortgagee's Address, as follows:

- (a) interest only at the Interest Rate on so much of the Principal Sum as shall have been advanced from time to time, shall become due and be paid by payment of the Monthly Instalments on the first Business Day of each and every month during the Term, commencing with the first Business Day of the month next following the month in which the first advance of the Principal Sum was made; and
- (b) on the Maturity Date, the balance of the Principal Sum then outstanding, together with all accrued but unpaid interest, shall become due and payable.

2.3 Payment of Interest

The Mortgagor shall pay to the Mortgagee interest at the Interest Rate in the manner aforesaid on the Principal Sum or on so much thereof as shall from time to time remain unpaid. All interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the Interest Rate after as well as before maturity, default and the obtaining of any judgment by the Mortgagee, to be computed with monthly rests and all such interest and compound interest shall be a charge on the Lands.

2.4 Revolving Credit

Pursuant to Section 104(2) of *The Land Titles Act* R.S.A. 2000, ch. L-4, the Mortgagor acknowledges that this Mortgage secures a revolving loan to a maximum amount equal to the Principal Sum and further agrees that:

- (a) the Principal Sum may be advanced, repaid and readvanced one or more times during the Term; and
- (b) notwithstanding that there may be, during the Term, a time or times during which there are no outstanding advances of the Principal Sum to be secured hereby, this Mortgage shall nonetheless remain binding and valid and shall secure all future advances until it is actually discharged by the Mortgagee.

ARTICLE 3

3.1 Insurance

- (a) The Mortgagor shall insure the Lands to the extent of the full insurable value of the Lands, or for such other amount sufficient to protect the Mortgagee as the Mortgagee may reasonably request with a company or companies approved by the Mortgagee against:
 - (i) loss or damage by fire, windstorm, flooding, hail, lightning, explosion, riot, earthquake, impact by aircraft or vehicles, smoke damage, and
 - (ii) to the extent applicable, against loss or damage caused by the explosion of any steam boiler or other object generating or operated by steam and/or any closed circulation hot water system and/or any pressure vessel or by the escape of water from any sprinkler system or other piping within or operated upon the Lands, such policies of insurance to contain the usual "Extended Coverage" and "Replacement Cost" endorsements.
- (b) Further, the Mortgagor will maintain:
 - (i) general comprehensive liability insurance against claims for personal injury, death or property damage occurring on or about the Lands, such insurance to afford protection in such amounts as the Mortgagee may from time to time reasonably require, and
 - (ii) rental or business interruption insurance in such amounts as the Mortgagee may require.
- (c) The Mortgagee may, upon the occurrence of an Event of Default, effect such insurance as required by the Mortgagee at the cost of the Mortgagor.

- (d) The Mortgagor will not do or permit anything to be done whereby the said policy or policies may be voided. The Mortgagor will pay all premiums and sums of money necessary for maintaining such insurance as aforesaid, as the same become due and will assign and deliver unto the Mortgagee the policy or policies of insurance and the receipt or receipts relating thereto.
- (e) The policies shall to the extent applicable, bear endorsements in a form satisfactory to the Mortgagee making all proceeds thereunder payable to the Mortgagee. All policies shall contain either the Insurance Bureau of Canada standard mortgage clause or the Mortgagee's special mortgage clause.
- (f) The policies of insurance and renewals thereof, if applicable, shall be delivered to the Mortgagee at such times as are requested by the Mortgagee, and, in particular, evidence of renewal shall be delivered to the Mortgagee not less than 30 Business Days prior to expiration of the insurance.
- (g) The Mortgagee may require any such insurance to be written by insurance companies acceptable to it, and may, at its option, cancel existing policies and require that new insurance be effected if the Mortgagee, acting reasonably, determines that the Mortgagor's insurer is not acceptable. If the Mortgagor fails to insure or fails to deliver policies or renewals thereof to the Mortgagee as herein provided, the Mortgagee may effect and maintain any insurance herein provided for. Any amount paid by the Mortgagee in respect thereof shall be payable by the Mortgagor to the Mortgagee forthwith on demand, and shall be added to the Principal Sum and shall bear interest at the Interest Rate until payment is received by the Mortgagee. However, nothing set out herein shall obligate the Mortgagee to obtain or maintain insurance on the Lands.
- (h) The Mortgagor shall forthwith on the happening of any loss or damage, furnish at its own expense all necessary proofs of claim and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies, and all monies received by virtue of any policy or policies of insurance may at the option of the Mortgagee:
 - (i) be forthwith applied in or towards substantially rebuilding, reinstating and repairing the Lands, or
 - (ii) be applied in or towards the payment of the last Monthly Instalment falling due under and by virtue of this Mortgage, and in case of a surplus, in or towards the payment of the Monthly Instalment next in point of time, and so on until the whole of the Principal Sum shall be paid and in case of a surplus then, in or towards payment of any interest costs or fees that may be accrued due, or
 - (iii) be paid over in whole or in part to the Mortgagor but no such payment shall operate as payment or a novation of the Mortgagor's indebtedness hereunder or as reduction of this Mortgage, or
 - (iv) be applied partly in one way and partly in another as the Mortgagee in its sole discretion may determine;notwithstanding any law, equity or statute to the contrary, including without restriction the *Insurance Act* (Alberta) and the *Fire Prevention (Metropolis) Act, 1774*, all rights and benefits of the Mortgagor thereunder being hereby expressly waived. Pending application of the insurance monies for the purpose aforesaid, the same shall be deemed to form part of the Lands and be subject to the charge hereby created.

- (i) The Mortgagor hereby constitutes and appoints the Mortgagee as its attorney for the purpose of demanding, recovering and receiving payment of any and all insurance monies to which it may be or may become entitled. Without limiting the generality of the foregoing, the Mortgagee may, in the name of the Mortgagor:
 - (i) file proofs of claim with any insurer who shall insure the Lands,
 - (ii) settle or compromise any claim for insurance proceeds in respect of the Lands,
 - (iii) commence and prosecute any action in the name of the Mortgagor for recovery of insurance proceeds in respect of the Lands, and
 - (iv) settle or compromise any such action in the name of the Mortgagor for recovery of insurance proceeds in respect of the Lands.

Notwithstanding anything herein contained it shall remain the responsibility of the Mortgagor to demand, recover and receive such payment and nothing herein shall render the Mortgagee liable to the Mortgagor for any act done by it in pursuance of the power of attorney hereby granted or for its failure to do any act or take any step.

3.2 Payment of Real Estate Taxes

The Mortgagor shall pay as they become due all Real Estate Taxes, provided that:

- (a) the Mortgagee may deduct from any advance of the Principal Sum an amount sufficient to pay any Real Estate Taxes; and
- (b) the Mortgagor shall at the option of the Mortgagee, pay to the Mortgagee on the days appointed herein for payment of interest or Monthly Instalments, such sums in addition thereto as the Mortgagee shall compute to be required to provide a fund sufficient to pay in full the Real Estate Taxes when such taxes become due and payable in accordance with the following terms and conditions:
 - (i) the Mortgagee shall be at liberty to exercise its option pursuant to this paragraph at any time during the currency of this Mortgage and a forbearance by the Mortgagee to exercise its option, either at the commencement of the Term or at any other time thereafter, shall in no way affect or preclude the Mortgagee from requiring the Mortgagor to pay instalments for Real Estate Taxes at any subsequent time;
 - (ii) in the event that the Real Estate Taxes actually charged for any particular year exceed the estimated amount or in the event of any part of the estimated amount paid to the Mortgagee being applied by the Mortgagee in or towards principal and interest or other monies in default, the Mortgagor will pay to the Mortgagee on demand the amount required to make up the deficiency;
 - (iii) the Mortgagor will transmit to the Mortgagee all assessment notices, tax bills and other notices affecting the imposition of Real Estate Taxes forthwith after the receipt of same by the Mortgagor;
 - (iv) so long as no Event of Default has occurred, the Mortgagee shall apply such payments on the Real Estate Taxes chargeable against the Lands, but the Mortgagee shall be under no obligation to apply such payments more often than yearly;

- (v) if before any such sum or sums in the hands of the Mortgagee shall have been so applied there shall be an Event of Default, the Mortgagee may, at its option, apply such sum or sums in or towards payment of principal, interest or other monies so in default;
 - (vi) if the Mortgagor desires to take advantage of any discounts or avoid any penalties in connection with the payment of Real Estate Taxes, it shall pay to the Mortgagee such additional amounts as in the opinion of the Mortgagee are required for that purpose; provided always, that the Mortgagee may, at its option, decide to prepay either in whole or in part any Real Estate Taxes; and
- (c) the Mortgagee may at any time pay all Real Estate Taxes in order to perfect the title to the Lands or any part thereof and to make or keep this Mortgage a charge thereon and any amount or amounts paid by the Mortgagee in respect thereof shall be payable by the Mortgagor to the Mortgagee forthwith on demand and shall be added to the Principal Sum and will accrue interest at the Interest Rate as if the money were interest in arrears and shall bear interest at the Interest Rate until payment is received by the Mortgagee (such interest to run from the date of payment by the Mortgagee) and shall be added to the Principal Sum and be a charge upon the Lands until repaid with interest as aforesaid; however, nothing set out herein shall oblige or obligate the Mortgagee to pay such Real Estate Taxes and doing so is solely at the option of the Mortgagee.

3.3 Maintenance and Repair of the Lands

- (a) The Mortgagor will not commit any waste upon the Lands nor do or permit to be done any act which may impair the value thereof.
- (b) The Mortgagor will take good and reasonable care of all buildings, structures and improvements now or hereafter from time to time comprising part of the Lands and without cost and expense to the Mortgagee will manage, operate, maintain and keep or cause the same to be kept in good order, repair and condition throughout, both exterior and interior, structural or otherwise, and promptly will make all required or necessary repairs and replacements thereto, including without limitation, the roof, walls, foundations and appurtenances, pipes and mains, and all other fixtures, machinery, facilities and equipment that belong to or are used in connection with the Lands, all of the foregoing to the extent that a prudent owner would do. Notwithstanding the foregoing, the Mortgagor shall not be obligated to repair any damage caused by reasonable wear and tear which does not affect the use and enjoyment of the improvements except as and when such damage would be ordinarily repaired by a prudent owner.
- (c) The Mortgagee by its agents, solicitors or inspectors may enter upon the Lands at any reasonable time to view the state of repair.
- (d) Should, in the opinion of the Mortgagee, the Lands not be in a proper state of repair, the Mortgagee may serve notice upon the Mortgagor to make such repairs or replacements as the Mortgagee deems proper within a period of 20 Business Days and if the Mortgagor has not complied or is not in the process of diligently complying with such requisition within the said time period, the Mortgagee may authorize the making of such repairs or replacements by its agents, employees or contractors who may enter upon the Lands for the purpose of doing such work with or without the Mortgagor's concurrence. The cost of such repairs and replacements shall be paid for by the Mortgagor upon demand and until paid shall be secured by this Mortgage, bear interest at the Interest Rate and be a charge upon the Lands. Provided always, that

should the Mortgagor have vacated or abandoned the Lands, or should the Lands be occupied by a tenant or tenants who are failing to properly maintain and repair the same and the Mortgagee in its sole discretion deems it necessary to enter upon the Lands in order to properly maintain and preserve its security, then in such events, the Mortgagee shall be entitled to so enter and such action by the Mortgagee shall not constitute it a mortgagee in possession nor liable as such.

3.4 Alterations or Additions

The Mortgagor shall not make, or permit to be made, any alterations or additions in the Lands which would reduce the value thereof without the prior written consent of the Mortgagee and the Mortgagor shall not use the Lands or permit them to be used for the purpose of any business, trade or manufacture of any description, except as contemplated by the Commitment Letter, without the consent of the Mortgagee.

3.5 Hazardous Substances

The Mortgagor represents, covenants and warrants to and in favour of the Mortgagee that, except for substances used in the normal course in accordance with Environmental Laws for cleansing and maintaining the Lands:

- (a) neither the Mortgagor nor, to the best knowledge of the Mortgagor, any other person has ever caused or permitted any Hazardous Substance to be placed, held, located or disposed of on, under or at the Lands, save and except as disclosed to the Mortgagee in writing;
- (b) it shall not allow any Hazardous Substance to be placed, held, located or disposed of on, under or at the Lands without the prior written consent of the Mortgagee which consent may be arbitrarily or unreasonably withheld;
- (c) it shall not allow the Lands to be utilized in any manner in contravention of any Environmental Laws intended to protect the environment, including without limitation, laws respecting the disposal and emission of Hazardous Substances;
- (d) to the extent that Hazardous Substances are, with the Mortgagee's consent, placed, held, located or disposed of on, under or at the Lands in accordance with the terms hereof, the Mortgagor shall:
 - (i) comply with, or cause to be complied with, all Environmental Laws relating to the use, storage and disposal of the Hazardous Substances,
 - (ii) at the request of the Mortgagee, provide evidence to the Mortgagee of compliance with all Environmental Laws, such evidence to include inspection reports and such tests as the Mortgagee may reasonably require, all at the expense of the Mortgagor; and
- (e) without restricting the generality of the foregoing, in the event that gasoline or other storage tanks are located under or on the Lands, the Mortgagor shall:
 - (i) maintain and repair such storage tanks in a manner satisfactory to the Mortgagee, and
 - (ii) at the request of the Mortgagee, assign any warranties or guarantees received from the manufacturer or installer of such storage tanks in favour of the Mortgagee as additional security.

3.6 Indemnity

The Mortgagor hereby indemnifies and saves harmless the Mortgagee, its officers, directors, employees and agents, and its successors and assigns from and against any and all losses, liabilities, damages, costs and expenses of any kind whatsoever including, without limitation:

- (a) the costs of defending, counter-claiming or claiming over against third parties in respect of any action or matter including legal fees, costs and disbursements on a solicitor and his own client basis and at all court levels;
- (b) any cost, liability or damage arising out of a settlement of any action entered into by the Mortgagee with or without the consent of the Mortgagor; and
- (c) the costs of repair, clean-up or restoration paid by the Mortgagee and any fines levied against the Mortgagee;

which at any time or from time to time may be paid, incurred or asserted against the Mortgagee, as to a direct or indirect result of the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release, of Hazardous Substances from the Lands either onto any lands (including the Lands), into the atmosphere or into any water. This indemnification shall survive the satisfaction, release or enforcement of the Mortgage or Collateral Security and the full repayment of the Mortgage Monies.

ARTICLE 4

4.1 Mortgagor's Representations and Warranties

The Mortgagor represents and warrants to the Mortgagee that:

- (a) the Mortgagor has a good title to the Lands;
- (b) the Mortgagor has the right to mortgage the Lands;
- (c) on default, the Mortgagee shall have quiet possession of the Lands, free from all encumbrances (except the Permitted Encumbrances);
- (d) the Mortgagor will execute such further assurances with respect to the Lands as may be required by the Mortgagee;
- (e) the Mortgagor has done no act to encumber the Lands in priority to this Mortgage (except the Permitted Encumbrances); and
- (f) all representations, warranties and statements made by the Mortgagor or their agent on any loan application or supporting documents are true and accurate in all material respects and shall survive the advance of the Principal Sum or any portion thereof. Any breach of any representation, warranty or statement shall be deemed to constitute an Event of Default.

ARTICLE 5

5.1 Default

Upon the occurrence of an Event of Default:

- (a) the Mortgagee may, at its option, and at the Mortgagor's expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed any covenant, agreement, proviso or stipulation contained herein or contained in the Collateral Security;
- (b) the Mortgagee may send or employ an Inspector or Agent to inspect and report upon the value, state and condition of the Lands and a Solicitor to examine and report upon the title to the same, all at the expense of the Mortgagor;
- (c) the Mortgagee may enter into possession of the Lands, either by itself or its agent, and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the Lands or any part thereof for such terms, periods, and at such rent as the Mortgagee shall think proper;
- (d) it shall be lawful for, and the Mortgagor does hereby grant full power, right and license to, the Mortgagee to enter, seize and distrain upon the Lands or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises as much of the Mortgage Monies as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent;
- (e) the whole of the Mortgage Monies shall, at the option of the Mortgagee, become due and payable;
- (f) the Mortgagee may exercise each of the foregoing powers without notice to the Mortgagor; and
- (g) the exercise or the attempted exercise of one or more of the Mortgagee's rights or remedies hereunder shall not affect, delay or prejudice any other rights or remedies nor operate as a waiver thereof, and any or all of the said rights or remedies may be exercised concurrently or successively.

No waiver, express or implied, by the Mortgagee of any breach or default by the Mortgagor hereunder shall be deemed to be a waiver of any other breach or default. Failure on the part of the Mortgagee to complain of any default by the Mortgagor, irrespective of how long such default continues, shall not constitute a waiver by the Mortgagor of its rights hereunder.

5.2 No Merger

The taking of a judgment or judgments on any covenant contained herein or on any covenant which is set forth in any other security for payment of the Mortgage Monies or performance of the obligations hereby secured shall not operate as a merger of such covenant or affect the Mortgagee's right to interest at the Interest Rate set forth herein on any monies which are owing to the Mortgagee and such judgment shall provide that interest thereon shall be computed at the Interest Rate in the same manner as provided for herein until the judgment has been paid in full.

5.3 Release

The Mortgagee may at any time release any part of the Lands, or any of the covenants and agreements herein contained, or any Collateral Security, either with or without any consideration therefor, and without being accountable either for the value thereof or for any money except that which is actually received, and without thereby releasing or affecting any other of the Lands or any of the other covenants or agreements herein contained or releasing any guarantor.

5.4 No Obligation to Advance

Neither execution nor registration nor acceptance of this Mortgage, nor the advance of part of the Principal Sum shall bind the Mortgagee to advance the Principal Sum or any unadvanced portion thereof, but nevertheless this Mortgage shall take effect forthwith on its execution and if the Principal Sum or any part thereof shall not be advanced at the date hereof, the Mortgagee may advance the same in one or more sums to or on behalf of the Mortgagor at any future date or dates and the amount of such advances when so made shall be secured hereby and repayable with interest as herein provided. In all events, the advance of the Principal Sum or any part thereof from time to time shall be in the sole, absolute, unfettered and unqualified discretion of the Mortgagee.

5.5 Additional Charges

All monies expended by the Mortgagee (with or without the knowledge, consent, concurrence or acquiescence of the Mortgagor) in relation to:

- (a) solicitor's, inspector's, valuator's and surveyor's fees and expenses for drawing and registering this Mortgage;
- (b) examining the Lands and the title thereto;
- (c) making or maintaining this Mortgage as a valid and subsisting charge (subject only to the Permitted Encumbrances) on the Lands;
- (d) principal, insurance premiums, Real Estate Taxes, rates, or any Prior Charge;
- (e) maintaining, repairing, restoring or completing the Lands;
- (f) any actions, inspections, expenses or costs of the Mortgagee (or for which the Mortgagee is responsible) taken, ordered or incurred upon the occurrence of an Event of Default;
- (g) inspecting, leasing, managing, or improving the Lands, including the price or value of any goods of any sort or description supplied to be used on the Lands;
- (h) enforcing, attempting to enforce or in pursuance of any right, power, remedy or purpose under this Mortgage and, in particular, but without limiting the generality of the foregoing, in relation to any court proceedings initiated or defended by the Mortgagee in respect of this Mortgage; and
- (i) legal costs as between a solicitor and his own client on a full indemnity basis (together with an allowance for the time, work and expenses of the Mortgagee, or of any agent, solicitor or servant of the Mortgagee) incurred or paid by the Mortgagee in relation to any of the above matters;

are to be secured hereby and shall be a charge on the Lands, together with interest thereon at the Interest Rate; and all such monies shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing Monthly Instalment payable hereunder, except as herein otherwise provided. It is the express intention and agreement of the Mortgagor and Mortgagee that the Mortgagor shall fully and totally indemnify the Mortgagee for all costs, expenses, charges and monies of any nature whatsoever either directly or indirectly arising out of or associated with this Mortgage.

5.6 Right of Subrogation

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

5.7 Monies Received or Collected

The Mortgagee shall not be charged with any monies receivable or collectible out of the Lands or otherwise except those actually received. All revenue of the Lands received or collected by the Mortgagee from any source other than payment by the Mortgagor (including all monies received by a Receiver) may, at the option of the Mortgagee, be retained in a suspense account or be used in maintaining or insuring or improving the Lands, or in payment of Real Estate Taxes or other charges against the Lands, or be applied on the mortgage account, and the Mortgagee shall not be under any liability to pay interest on any sums in a suspense account.

5.8 Discharge

The Mortgagee shall have a reasonable time after receipt of payment in full within which to have prepared and to execute a discharge of this Mortgage. A tender of the Mortgage Monies shall not entitle the Mortgagor to immediately receive such discharges.

5.9 Partial Discharge

Intentionally Deleted

5.10 Exercise of Discretion

Any discretion, option, decision or opinion hereunder on the part of the Mortgagee shall be sufficiently exercised or formed if exercised by an executive officer of the Mortgagee, or by any officer or agent appointed by the Mortgagee company for that purpose.

5.11 Default Under Prior Charge

If the Mortgagor defaults in the performance of the covenants, payments or conditions contained in any Prior Charge then such default shall constitute a default hereunder and the Mortgage Monies shall, at the option of the Mortgagee, become forthwith due and payable. The Mortgagee shall be at liberty in the event of such default, but shall not be obligated, to pay any arrears or other sums payable under the Prior Charge or pay off all or any portion of the principal and/or interest thereby secured. Any amounts so paid by the Mortgagee shall:

- (a) be added to the Principal Sum;
- (b) bear interest at the Interest Rate until paid;
- (c) be a charge upon the Lands; and
- (d) unless repaid to the Mortgagee upon demand, be recoverable from the Mortgagor in the same manner as if such sum had been originally advanced and secured hereby.

For the purposes of tendering any arrears or other sums payable to a holder of a Prior Charge, the Mortgagor hereby irrevocably appoints the Mortgagee its agent for such purpose and

irrevocably directs the Mortgagee to tender such monies upon the holder of a Prior Charge, in the name of and on behalf of the Mortgagor. In this regard, the Mortgagor hereby assigns unto the Mortgagee its equity of redemption, if any, with respect to the said Prior Charge together with the statutory right of redemption given to the Mortgagor by the provisions of Section 39 of the *Law of Property Act (Alberta)*. It is the intention of the parties that the Mortgagee shall have the same rights and powers but not the liabilities as the Mortgagor under and pursuant to the terms of the Prior Charge so that the Mortgagee will be in a position to take whatever steps are necessary to bring the Prior Charge into good standing once a default has occurred thereunder. This assignment is not intended to encompass the Mortgagor's entire interest in the said Prior Charge, but only to the extent hereinbefore stipulated. Nothing herein contained shall create an obligation upon the Mortgagee to cure any default on behalf of the Mortgagor.

5.12 Default Under Subsequent Charge

If the Mortgagor defaults in the performance of the covenants, payments or conditions contained in any Subsequent Charge then such default shall constitute a default hereunder and the Mortgage Monies shall, at the option of the Mortgagee, become forthwith due and payable.

ARTICLE 6

6.1 Appointment of Receiver

Upon the occurrence of an Event of Default, the Mortgagee may in writing appoint any person or persons, whether an officer or officers or employee or employees of the Mortgagee or not, to be a Receiver of the Lands and assets which are charged in favour of the Mortgagee and the rents and profits derived therefrom. The Mortgagee may remove any Receiver so appointed and appoint another or others in his or their stead. The following provisions shall apply to this paragraph:

- (a) A Receiver so appointed shall be conclusively the agent or agents of the Mortgagor and the Mortgagor shall be solely responsible for the acts or defaults and for the remuneration and expenses of the Receiver. The Mortgagee shall not be in any way responsible for any misconduct or negligence on the part of any Receiver and may, from time to time, fix the remuneration of every Receiver and be at liberty to direct the payment thereof from proceeds collected.
- (b) Nothing contained herein and nothing done by the Mortgagee or by a Receiver shall render the Mortgagee a mortgagee in possession or responsible as such.
- (c) All monies received by the Receiver, after providing for payment and charges ranking prior to this Mortgage and for all costs, charges and expenses of or incidental to the exercise of any of the powers of the Receiver as hereinafter set forth, shall be paid by the Receiver to the Mortgagee and applied by the Mortgagee in accordance with the terms of this Mortgage.
- (d) The Receiver so appointed shall have power to:
 - (i) take possession of, collect and get in the property, rents and profits, charged by this Mortgage and any additional or Collateral Security granted by the Mortgagor to the Mortgagee and for that purpose to take any proceedings, be they legal or otherwise, in the name of the Mortgagor or otherwise;
 - (ii) carry on or concur in carrying on the business which the Mortgagor is conducting on and from the Lands;

- (iii) lease or re-lease all or any portion of the Lands and for this purpose to execute contracts in the name of the Mortgagor which contracts shall be binding upon the Mortgagor;
 - (iv) improve, maintain, manage, operate, repair, renew, replace and restore the Lands or any part thereof;
 - (v) surrender, rescind, vary or amend any lease or contract relating to the Lands and the operation thereof;
 - (vi) borrow money for the purpose of improving, maintaining, managing, operating, repairing, renewing, replacing or restoring the Lands or otherwise in such amount and in such manner as would, in the opinion of the Receiver, be sufficient for its purposes, on the security of the Lands and the assets charged by the Collateral Security, and in doing so the Receiver may issue certificates which may be payable in a manner and which may bear interest at a rate determined by the Receiver and all amounts payable pursuant to such certificates shall form a charge upon the Lands in priority to this Mortgage; and
 - (vii) sell the Lands for cash or for credit or partly for cash and partly for credit, by tender, private sale or private auction as a whole or in separate parcels with or without a reserve bid, with or without advertisement and at any time or times and on such terms as the Mortgagee or the Receiver deems reasonable and may engage a real estate agent in connection with any sale (including an agent affiliate with the Mortgagee or the Receiver).
- (e) The rights and powers conferred by this paragraph are supplemental to and not in substitution for any other rights which the Mortgagee may have from time to time.
- (f) The Mortgagor hereby irrevocably appoints the Mortgagee and any Receiver appointed as aforesaid to be its attorney in its name and on its behalf to execute and perform any conveyances, assurances and things which the Mortgagor ought to execute and perform under the covenants herein contained and generally to use the name of the Mortgagor in the exercise of any of the powers hereby conferred on the Mortgagee and any Receiver and, without limiting the generality of the foregoing, the Mortgagee and Receiver appointed as aforesaid are hereby appointed pursuant to s.115 of the *Land Titles Act* (Alberta) as the Mortgagor's attorney to execute and deliver, under the seal of the Mortgagor, or by the hand and under the seal of the Mortgagee or the Receiver, any and all transfers, deeds, mortgages, discharges, postponements and any and all other documents which the Mortgagee or the Receiver deem it expedient to execute or deliver.
- (g) The Receiver appointed hereunder shall not be obligated to take possession or control of the whole of the business of the Mortgagor. Rather, the Mortgagee's right to appoint shall be restricted to the Lands and the rents, profits and any business deriving therefrom.

ARTICLE 7

7.1 Assignment of Rents

- (a) The Mortgagor does hereby fully and absolutely assign, transfer and set over to the Mortgagee all of the rents due or to accrue due and to be payable in respect of the Lands and any and every part thereof including but not restricted to any and all Leases and rental agreements of every nature, kind and description, present and future and all

benefits and advantages to be derived therefrom and all the rights of the Mortgagor to enforce payment thereof, by way of distress or otherwise.

- (b) This Assignment shall be effective during the currency of the Mortgage.
- (c) Nothing contained herein shall be deemed to have the effect of making the Mortgagee responsible for the collection of the rents, or any part thereof, or for the performance of any covenant, term or condition by the Mortgagor as Landlord or Lessor, as contained in any Lease or rental agreement.
- (d) The Mortgagee shall, at its option, be entitled to enforce and rely upon this Assignment upon the occurrence of an Event of Default.
- (e) The Mortgagee shall not, by reason of this paragraph or by reason of any steps, actions, distress or other proceedings taken to enforce any of the rights granted to it hereunder, be deemed to be or will be a mortgagee in possession of the Lands or any part thereof.
- (f) The Mortgagee shall be liable to account to the Mortgagor for only such monies as may be actually received by the Mortgagee.
- (g) Neither this Assignment or anything contained herein shall bind the Mortgagee to recognize any Lease or rental agreement with respect to the Lands or any part thereof, nor in any way render the interest of the Mortgagee in the Lands subject to any such Lease or rental agreement. All remedies now or hereafter available to the Mortgagee as described in this Mortgage or in any Collateral Security granted to the Mortgagee by the Mortgagor are hereby reserved to the Mortgagee and may be exercised notwithstanding any Lease, rental agreement or this Assignment.
- (h) The Mortgagor represents to the Mortgagee that no rental has been paid in advance under any Lease or rental agreement in respect of the Lands or any part thereof, except with the prior written consent of the Mortgagee, and that the Mortgagor will not demand or accept in advance any rents reserved or payable under any Lease or rental agreement without the prior written consent of the Mortgagee.
- (i) When required by the Mortgagee, the Mortgagor will from time to time, assign to the Mortgagee the Mortgagor's interest in each and every specific Lease of the Lands and any and every part thereof.

ARTICLE 8

8.1 Construction

In the event that the Principal Sum is to be advanced hereunder from time to time upon the progress of construction of a building or buildings being or to be erected upon the Lands, then, and in such event:

- (a) it is the intention of the parties hereto that the building or buildings being erected or to be erected on the Lands form part of the security for the full amount of the Mortgage Monies;
- (b) all advances under this Mortgage shall be made from time to time in the future in accordance with the progress of construction of such building or buildings and shall be made in such manner, at such times, and in such amounts up to the Principal Sum to be advanced hereunder as the Mortgagee in its sole discretion may determine,

subject always to the provisions hereinbefore set out whereby the Mortgagee is not bound to advance any unadvanced portion thereof;

- (c) the Mortgagor covenants and agrees with the Mortgagee:
 - (i) to construct and erect a building or buildings or other improvements on the Lands all in accordance with plans and specifications which have been or are hereafter approved by the Mortgagee, and
 - (ii) to carry on diligently to completion the construction and erection of the same;
- (d) the Mortgagee shall be at liberty, but shall not be obliged, to retain such sums as it may deem necessary as builders' lien holdbacks in the amount prescribed by the *Builders' Lien Act* (Alberta) or other applicable legislation, which sums shall be held for such length of time, both during and after completion of the said building or buildings, as the Mortgagee may see fit;
- (e) the Mortgagee may pay any builders' liens which may exist or be claimed, and it shall not be liable or responsible to determine the validity or correctness of any such claim;
- (f) in the event that the Mortgagee should pay any such liens to an amount greater than the Principal Sum, such excess amounts so paid shall be added to the Principal Sum, shall bear interest at the Interest Rate and shall be repaid by the Mortgagor to the Mortgagee forthwith;
- (g) if the Mortgagor should fail in the erection and completion of the said building or buildings or should neglect to carry on the work of erecting and completing same with reasonable diligence, including, without restriction, if the Mortgagor ceases to construct for a period of fifteen (15) days without the consent of the Mortgagee:
 - (i) the Mortgagee may, but shall not be obliged, without notice to the Mortgagor, enter upon the Lands and take possession thereof with power to carry on the erection and completion of the said building or buildings and with discretion to alter the plans and specifications if it deems necessary in order to complete the same,
 - (ii) if the Mortgagee should be unable properly to complete the same with the Principal Sum, the Mortgagee may in its sole discretion advance or lay out such further monies as may be so required and such further monies to be advanced or laid out by the Mortgagee shall be added to the Principal Sum and:
 - A. be repaid by the Mortgagor to the Mortgagee forthwith on demand,
 - B. accrue interest at the Interest Rate as if the money were interest in arrears until payment is received by the Mortgagee (such interest to run from the date of payment by the Mortgagee),
 - C. be a charge upon the Lands until repaid with interest as aforesaid; and
- (h) if the Mortgagor should default in the erection and completion of the said building or buildings or in the event any lien is registered against the Lands, the whole of the Mortgage Monies shall, at the option of the Mortgagee, become due and payable.

ARTICLE 9

9.1 Expropriation and Condemnation

- (a) If the Lands or any part thereof are condemned under any power of eminent domain or are acquired by expropriation for any public use or quasi public use, the damages, proceeds, consideration and award for such acquisition, to the extent of the full amount of the Mortgage Monies and obligations secured hereby remaining unpaid, are hereby assigned by the Mortgagor and shall be paid forthwith to the Mortgagee and its successors and assigns. If a portion only of the Lands are taken in the expropriation without resulting damage to the buildings and improvements or any part thereof, or if a portion of the Lands is taken in such expropriation proceedings with resulting damage to the buildings and improvements and the amount of the award made therein is based on a determination that the portion of the buildings and improvements remaining on the portion of the Lands not so taken can practicably be rehabilitated, then the provisions of this Mortgage relating to insurance proceeds in case of loss or damage shall apply to the award in the said expropriation and the same shall be applied accordingly.
- (b) The Mortgagor acknowledges that it is aware of the provisions of Sections 49 and 52 of the *Expropriation Act* (Alberta), and any amendments thereto (dealing with the situation where, in the event of an expropriation of lands subject to a security interest, the amount owing to the security holder is greater than the market value of the interest in the expropriated land) and hereby waives the benefit of such provisions or any legislation similar thereto or in replacement thereof. In addition, the Mortgagor covenants to pay any difference between the Mortgage Monies and the monies paid by the expropriating authority to the Mortgagee together with interest thereon at the Interest Rate both before and after maturity, default and the obtaining of any judgment by the Mortgagee.
- (c) Notwithstanding the foregoing subparagraphs (a) and (b) the Mortgagee shall be at liberty, at its sole option, to declare the whole of the Mortgage Monies as being immediately due and payable in the event that any portion of the Lands shall be the subject matter of an expropriation proceeding.
- (d) Any monies awarded by an order of either the Land Compensation Board or the Surface Rights Board with respect to all or any part of the Lands to the extent of the full amount of the Mortgage Monies are herewith assigned by the Mortgagor and shall be paid forthwith to the Mortgagee, its successors and assigns.

ARTICLE 10

10.1 Condominium

If the Lands or any portion thereof is now subject to or becomes subject to a condominium plan duly created pursuant to the provisions of the *Condominium Property Act*, then:

- (a) The Mortgagor hereby fully and absolutely assigns, transfers and sets over unto the Mortgagee, any and all of the Mortgagor's voting rights now existing or which may come into existence with respect to the Lands, and with respect to the Condominium Corporation whether such voting rights arise under the *Condominium Property Act*, under the Bylaws of the Condominium Corporation, under any agreement with the Condominium Corporation, or otherwise. The Mortgagor covenants and agrees to execute any materials or documentation which in the sole opinion of the Mortgagee is necessary or advisable to give full effect to such assignment, transfer and setting over

of the voting rights. Provided, however, that in the event that the Mortgagee is not present in person or by proxy, or if present, does not wish to vote, then the Mortgagor may without further authority exercise all voting rights other than the right to vote on any matter requiring a unanimous resolution. Provided further that the Mortgagee may, by notice in writing to the Mortgagor, revoke and terminate all voting rights and privileges of the Mortgagor.

- (b) It is further stipulated, provided and agreed that notwithstanding anything to the contrary herein contained:
 - (i) the Mortgagor covenants and agrees with the Mortgagee that the Mortgagor shall observe and perform each and every one of the covenants and provisions required to be performed under or pursuant to the terms of this Mortgage, the Condominium Property Act the bylaws of the Condominium Corporation and any amendments thereto, and under any agreement between the Mortgagor and the Condominium Corporation, and
 - (ii) without limiting the generality of the foregoing subparagraph, the Mortgagor covenants to pay promptly when due any and all assessments, instalments or payments owing to the Condominium Corporation in relation to the Lands.
- (c) The Mortgagor further covenants and agrees that where the Mortgagor defaults in the Mortgagor's obligations to contribute to the common expenses assessed or levied by the Condominium Corporation or any authorized agent on its behalf, or any assessment, instalment or payment owing to the Condominium Corporation, or upon breach of any covenant or provision contained in this Section, then regardless of any other action or proceeding taken or to be taken by the Condominium Corporation, the Mortgagee, at its option and without notice to the Mortgagor:
 - (i) firstly, may, but shall not be obliged to, pay such contribution to the common expenses, assessment, instalment or payment owing to the Condominium Corporation or rectify any such default or breach by the Mortgagor and all monies so paid and expended by the Mortgagee shall be secured hereby and shall be a charge on the Lands together with interest thereon at the Interest Rate and all such monies shall be repayable to the Mortgagee on demand, or if not demanded, then with the next ensuing Monthly Instalment; and
 - (ii) secondly, may deem such default to be a default under the terms of this Mortgage and proceed to exercise its rights hereunder.

ARTICLE 11

11.1 Interpretation

Wherever the singular number or masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires. In any case, where this Mortgage is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several. The respective heirs, executors, administrators, successors and assigns of any party executing this Mortgage are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained. The covenants, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

11.2 Permitted Encumbrances

The parties acknowledge that this Mortgage is to be registered subject only to the Permitted Encumbrances.

11.3 Renewal or Extension

This Mortgage shall automatically renew at the end of the Term and the end of each subsequent renewal term, for a further period of 6 months (each, a "Renewal Term") on the same terms herein with the following exception: (i) on the first day of each Renewal Term, a renewal fee equal to 1.50% of the Mortgage's Principal Sum outstanding as at that date (each, a "Renewal Fee") becomes fully earned, due and payable to the Mortgagee in its capacity as administrator of the Mortgage. Each such Renewal Fee shall form a part of the Principal Sum outstanding if it is not actually paid by the Mortgagor to the Mortgagee. Notwithstanding the foregoing, the Mortgagee may terminate this automatic renewal clause at any time, in its sole discretion.

Notwithstanding the foregoing, this clause does not apply if the Mortgagor pays to the Mortgagee all the Mortgage Monies owing hereunder at the Maturity Date or at the end of any subsequent Renewal Term. In the event that the Mortgagee shall agree to renew or extend the term of this Mortgage, such renewal or extension agreement need not be registered against the title to the Lands, but the agreement shall be binding upon the Mortgagor, its assignees, and all subsequent mortgagees, encumbrancers or other parties claiming an interest in the Lands. Such agreement shall take priority as against such assignees and subsequent mortgagees, encumbrancers and other parties. It is expressly acknowledged and agreed that the Mortgagee may change any one or more of the Mortgage's substantive terms without obtaining the Mortgagor's express consent to the change(s), including but not limited to increasing the Interest Rate chargeable hereunder and amending the Term.

11.4 Commitment Letter Not Merged

The provisions of the Commitment Letter, all as accepted by the Mortgagor, are not superseded by or merged in the execution or registration of the Mortgage or any additional and Collateral Security and the provisions of the Commitment Letter shall remain in full force and effect until all of the conditions thereof to be observed and performed by the Mortgagor have been fully paid and satisfied, provided however that in the event of a conflict between the terms of the Commitment Letter and the terms of this Mortgage or the Collateral Security, the terms of this Mortgage or the Collateral Security, as the case may be, shall prevail.

11.5 Administration Fee

In the event of the occurrence of an Event of Default, then the Mortgagee shall, notwithstanding anything contained herein to the contrary, be entitled to receive in addition to all other fees, charges and disbursements an administration and management fee as follows:

- (a) \$250.00 per occurrence of late payment as required by Section 2.2(a) hereof or/and a returned cheque;
- (b) \$200.00 per occurrence of default of insurance required by Section 3.1 hereof;
- (c) \$1,500.00 for taking possession of the Lands after an Event of Default, and \$250.00 per day for the administration, maintenance, and security of the Lands; and
- (d) Such other reasonable charges for administration.

This administration and management fee is intended to reimburse the Mortgagee for time and trouble in the management and administration of this Mortgage and of the Lands. The said sum or sums are agreed to be a liquidated amount to cover the Mortgagee's administration and management costs and are not intended nor shall be construed to be a penalty. All such sums payable to the Mortgagee shall be a charge upon the Lands and shall bear interest at the Interest Rate until paid.

11.6 Mortgage Statement

The Mortgagee may charge and the Mortgagor shall pay \$100.00 for each mortgage statement requested by the Mortgagor.

11.7 Pre-Authorized Cheque Withdrawal

The Mortgagor shall continue throughout the currency of this Mortgage to provide to the Mortgagee, at the Mortgagee's request, documentation so as to effect a pre-authorized cheque withdrawal for the purposes of paying the Monthly Instalments.

11.8 Financial Records

The Mortgagor shall:

- (a) maintain proper records and books of account with respect to the revenues and expenditures in relation to the Lands;
- (b) permit the Mortgagee or any person appointed by the Mortgagee for that purpose to examine such records and books at all reasonable times, to make copies or extracts therefrom;
- (c) give to the Mortgagee all information with regard to the revenues and expenditures in relation to the Lands which the Mortgagee may reasonably require and, in particular, without limiting the generality of the foregoing, the Mortgagor shall provide the Mortgagee with such financial information and financial statements as are required pursuant to the Commitment Letter.

The Mortgagee shall at any time and from time to time at its own expense, be at liberty to inspect the books and accounts of the Mortgagor, related to the Mortgagor's operations with respect to the Lands, and for such purposes the Mortgagor shall make available to the Mortgagee and its accountants all books of account and records and all vouchers, books, papers and documents which may relate to the Lands.

11.9 Collateral Security

As additional and collateral security for the repayment of the monies hereby secured and the performance of the covenants contained herein, the Mortgagor shall execute and deliver the Collateral Security to the Mortgagee. None of the rights or remedies of the Mortgagee under this Mortgage or under the Collateral Security shall be merged in, waived, delayed, impaired, prejudiced or suspended by the Collateral Security or any act of the Mortgagor pursuant thereto.

11.10 Default Under Collateral Security

- (a) If the Mortgagor or any guarantor makes default under the Collateral Security, the same shall constitute an Event of Default under this Mortgage.
- (b) It is understood and agreed that the occurrence of an Event of Default shall constitute a default under the Collateral Security.

11.11

Notices

- (a) Any notice, request, demand, pleading, judicial documentation or any other communications (each a "Communication") to be made, served, or given between the parties hereto under or in connection with:
- (i) this Mortgage;
 - (ii) the Mortgagee's enforcement of its rights hereunder;
 - (iii) the Mortgagee's exercise of its rights in respect of enforcement of the Collateral Security; or
 - (iv) the commencement of proceedings or service of any legal process pursuant to the provisions of the Alberta Rules of Court AR 124/2010, the *Judicature Act* (Alberta) RSA 2000, c J-2, the *Law of Property Act* (Alberta) RSA 2000, c. L-7, the *Bankruptcy and Insolvency Act* RSC. 1985, c. B-3, the Bankruptcy and Insolvency General Rules CRC. c. 368, the *Personal Property Security Act* (Alberta) RSA 2000 c P-7, or any legislation related thereto or successor legislation thereof

shall be deemed to have been well and sufficiently received if served either personally or by prepaid registered mail addressed to the Mortgagor at the Mortgagor's Address, or, if to the Mortgagee, to the Mortgagee's Address, or sent by electronic transmission to the Mortgagor's Email or Mortgagee's Email, as applicable. The Mortgagee shall be entitled to rely on any communication so delivered to the Mortgagor with respect to any matter and shall not be required to make any independent investigation thereof. The Mortgagor expressly acknowledges that any such communication sent by electronic transmission may pertain to and engage certain of their legal rights and interests in and to the Collateral, and shall not constitute, nor in any way be considered to be, defective or irregular notice. Each party shall provide the other with written notice of any change to its email address no later than five business days following such change. Any communication sent to the Mortgagor's Email or Mortgagee's Email prior to receipt by the sending party of a notice of any change shall be deemed good and sufficient. Each communication sent by electronic transmission by email shall be deemed to have been delivered on the day of communication with confirmation of transmission, if communicated at or before 5:00 p.m. Edmonton time on a business day, or on the next business day if communicated after that time.

- (b) No want of notice or publication when required by this Mortgage or by any statute nor any impropriety nor irregularity shall invalidate any sale made or purported to be made under this Mortgage.

11.12

Receipt Acknowledged

The Mortgagor acknowledges receipt of a true copy of this Mortgage.

11.13

Charge

For better securing to the Mortgagee repayment of the Principal Sum, interest and the Mortgage Monies, the Mortgagor hereby mortgages to the Mortgagee all of its right, title, estate and interest in the Lands.

11.14 Prepayment

So long as an Event of Default has not occurred and provided that the Mortgagee has earned a minimum of three (3) months interest on any and all funds advanced (the "Minimum Interest"), the Mortgagor shall have the privilege of prepaying, either in whole or in part, the Principal Sum hereby secured upon payment of a prepayment fee which is equal to thirty (30) days' interest payable on the amount being prepaid.

In the event that the Mortgagor is prepaying all or a portion of the Principal Sum prior to the Minimum Interest being paid, the difference between the interest paid to the date of prepayment and the Minimum Interest shall be added to the prepayment fee and the amount required to discharge the Mortgage.

11.15 Due on Sale

In the event that the Mortgagor shall sell, convey, transfer or assign (or purport to do so) the Lands to a purchaser, transferee or assignee without first obtaining the Mortgagee's consent in writing, then, at the Mortgagee's option, such sale, conveyance, transfer or assignment shall constitute an Event of Default. Such consent may be unreasonably or arbitrarily withheld. Provided however, the Mortgagee may require, as one of the conditions of giving consent hereunder, that any such purchaser, transferee or assignee provide such financial information as may be required by the Mortgagee and execute an assumption agreement in favour of the Mortgagee, to be prepared in a form satisfactory to the Mortgagee at the Mortgagor's expense. In addition the Mortgagee may require that such purchaser, transferee or assignee pay an assumption fee to the Mortgagee to compensate the Mortgagee for its time and effort hereunder.

In the event that the Mortgagor or any other party who becomes liable to perform and observe the covenants herein should be a corporation, then any direct or indirect transaction or dealing whatsoever which affects the share structure or share ownership of such corporation and which results in a change in control, either legal or beneficial, of that corporation shall constitute an event as hereinbefore described such that the Mortgagee's prior written consent as aforesaid is to be obtained, failing which, such transaction shall, at the Mortgagee's option, constitute an Event of Default.

11.16 Assumption and Amendment

The Mortgagor, together with any other party who becomes liable hereunder shall continue to be liable under this Mortgage until all of the Mortgage Monies have been paid in full notwithstanding:

- (a) the assumption of the Mortgage by any party, with or without the consent of the Mortgagee or the Mortgagor; and
- (b) any renewal or extension of this Mortgage or any amendment or modification of the terms or covenants contained herein (including without restriction any increase or decrease in the Interest Rate, the amortization period or the Monthly Instalments, or any extension or reduction in the length of the Term) with or without the consent of the Mortgagee or the Mortgagor.

11.17 Unenforceable Terms

If any term, covenant or condition of this Mortgage or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent the remainder of this Mortgage or application of such term, covenant or condition to a party or circumstance other than those to which it is held invalid or unenforceable shall not be affected thereby and each remaining term, covenant or

condition of this Mortgage shall be valid and shall be enforceable to the fullest extent permitted by law.

11.18 Subsequent Encumbrances

The Mortgagor shall not grant any subsequent financial encumbrance charging the Mortgaged Premises without the prior written consent of the Mortgagee.

11.19 Limitation of Actions

Should the Mortgagor default in the performance of any of the terms and conditions contained in this Mortgage, the limitation period will run as follows:

- (a) the limitation period shall commence on the date upon which a written notice of default has been served by the Mortgagee upon the Mortgagor in accordance with the notice provisions contained herein; and
- (b) pursuant to section 7 of the *Limitations Act* (Alberta), as amended from time to time, the limitation period governing this Mortgage shall be ten (10) years to commence on the date specified in (a) above.

11.20 Governing Law

This Mortgage shall be governed by the laws of the Province of Alberta and the Courts of the Province of Alberta shall have exclusive jurisdiction over any dispute or action arising herefrom.

IN WITNESS WHEREOF the Mortgagor has executed this Mortgage on September 14, 2022.

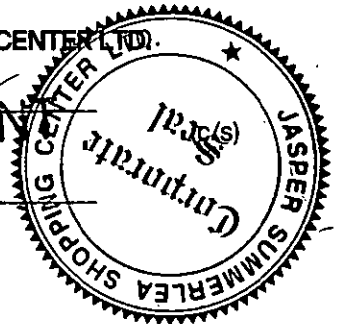
JASPER SUMMERLEA SHOPPING CENTER LTD.

Per: _____

Judy Chen

PRESIDENT

Per: _____



SCHEDULE "A"

to that certain Mortgage made on September 14, 2022, between
JASPER SUMMERLEA SHOPPING CENTER LTD. (as Mortgagor) and
KV CAPITAL INC. (as Mortgagee).

Mortgaged Lands

PLAN 8220508 ✓
BLOCK 30 ✓
LOT 9 ✓
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.405 HECTARES (1 ACRE) MORE OR LESS ✓

Permitted Encumbrances

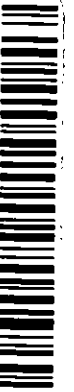
Utility Right of Way #752 137 803;
Caveat #192 083 927;
Utility Right of Way #202 005 584;
Utility Right of Way #202 029 532;
Utility Right of Way #202 285 269;
Caveat #212 040 144;
Caveat #212 211 463;
Mortgage #222 121 335 (to be postponed);
Mortgage #222 201 087 (to be postponed).

SCHEDULE "B"

to that certain Mortgage made on September 14, 2022, between
JASPER SUMMERLEA SHOPPING CENTER LTD. (as Mortgagor) and
KV CAPITAL INC. (as Mortgagee).

Collateral Security

- (a) Security Agreement
- (b) General Assignment of Rents and Leases
- (c) Assignment of Insurance Policies
- (d) Assignment of Contracts, Construction Documents, Insurance Proceeds and Letters of Credit
- (e) Assignment and Pledge of Interest Reserve Account
- (f) Assignment of Purchase Agreements
- (g) Environmental Indemnity Agreement.



232022511

232022511 REGISTERED 2023 01 20

MORT - MORTGAGE

DOC 1 OF 2 DRR#: D00ANXL ADR/CMORRISO

LINC/S: 0011600681

This is **Exhibit G** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

GENERAL ASSIGNMENT OF RENTS AND LEASES

BETWEEN:

JASPER SUMMERLEA SHOPPING CENTER LTD.

- and -

KV CAPITAL INC.

WHEREAS:

- A. The Assignor has applied to the Assignee for the Loan;
- B. As security for the Loan the Assignor has agreed to grant the Mortgage in favour of the Assignee;
- C. As collateral and additional security for the Mortgage and the obligations contained therein, the Assignor has agreed to assign the Rents and the Leases in favour of the Assignee;

NOW THEREFORE, in consideration of the Assignee advancing the Loan to the Assignor and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Assignor agrees as follows:

- 1. In this Agreement, unless there is something in the context or subject-matter inconsistent therewith:
 - (a) "Agreement" means this agreement, including the recitals and schedules attached hereto;
 - (b) "Assignee" means KV Capital Inc.;
 - (c) "Assignor" means Jasper Summerlea Shopping Center Ltd.;

- (d) "Lands" means those lands and premises legally described in Schedule "A" attached hereto;
- (e) "Leases" means all leases, offers to lease or tenancy agreements now in existence or which hereinafter come into existence in respect of the Lands;
- (f) "Loan" means the principal sum of \$5,500,000.00 with interest thereon calculated and paid in accordance with the terms of the Mortgage;
- (g) "Mortgage" means that certain mortgage granted by the Assignor to the Assignee as security for the repayment of the Loan to be registered as a first mortgage charge against title to the Lands; and
- (h) "Rents" means all rents due or to accrue due and be payable in respect of the Lands including without restriction, all rents due or to accrue due in respect of the Leases.

2. The Assignor does hereby fully and absolutely assign, transfer and set over to the Assignee:

- (a) the Rents and all the rights of the Assignor to enforce payment of the same, by way of distress or otherwise; and
- (b) the Leases and all benefits and advantages to be derived therefrom and all the rights of the Assignor to enforce the same.

3. Notwithstanding the foregoing, until such time as default has occurred under the terms of the Mortgage, the Assignor shall be at liberty to collect the Rents and to enjoy all of the rights, as landlord, under the terms of the Leases. Upon default occurring under the terms of the Mortgage, the Assignor's right to collect the Rents and to enforce the Leases shall cease and determine and this Agreement and the assignments contained herein shall become fully effective.

4. It is expressly agreed that this Agreement is taken as collateral security for the performance of the Assignor's obligations under the Mortgage and as such, this Agreement shall be effective only during the currency of the Mortgage.

5. Nothing contained herein shall be deemed to have the effect of making the Assignee responsible for the collection of the Rents, or any part thereof, or for the performance of any covenant, term or condition by the Assignor, as landlord, as contained in the Leases.

6. The Assignee shall not, by reason of this Agreement or by reason of any steps, actions, distress or other proceedings taken to enforce any of the rights granted to it hereunder, be deemed to be a mortgagee in possession of the Lands.

7. The Assignee shall be liable to account to the Assignor only for such monies as may be actually received by the Assignee. The Assignee agrees that such monies, when received, shall be held and applied in accordance with the terms of the Mortgage.

8. Neither this Agreement nor anything contained herein shall bind the Assignee to recognize any of the Leases nor in any way render the interest of the Assignee in the Lands subject to any of the Leases. All remedies now or hereinafter available to the Assignee as described in the Mortgage may be exercised notwithstanding any of the Leases or this Agreement.

9. When required by the Assignee, the Assignor will from time to time assign to the Assignee the Assignor's interest in each and every one of the Leases.

10. The Assignor warrants and represents to and in favour of the Assignee that, as of the date hereof:

- (a) the Leases are valid, subsisting and in good standing;
- (b) the Assignor has a right to enter into this Agreement and has not previously assigned the Leases or the Rents or any interest therein, except as disclosed in writing to the Assignee;
- (c) the Assignor is not in default under the Leases;
- (d) to the best of the Assignor's knowledge, none of the tenants in respect of the Leases are in default of any of their respective obligations under and pursuant to the Leases.

11. Service by the Assignee of notice that the Mortgage is in default or that there has been a breach of the terms thereof shall be sufficient proof to all other parties of the fact of such default or

breach, and the Assignor specifically authorizes all other parties including, without restriction, all tenants on the Lands, to accept such notice as conclusive proof thereof. Neither this Agreement nor anything in connection herewith shall be construed to amend the terms of the Mortgage or extend the time for repayment of the Loan.

12. This Agreement and everything contained herein shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns.

13. Any word herein contained importing the singular number shall include the plural and vice versa, and any word importing gender shall include the masculine, feminine or neuter gender, and any word importing a person shall include a corporation, individual, partnership and any other entity, all as the context requires; and in any case where this Agreement is executed by more than one Assignor, all covenants and agreements herein contained shall be construed and taken against such executing parties as joint and several.

14. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable or otherwise invalid, the same shall be severed but all other provisions shall nevertheless remain effective.

15. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the Courts of the Province of Alberta shall have exclusive jurisdiction over any dispute arising herefrom.

IN WITNESS WHEREOF JASPER SUMMERLEA SHOPPING CENTER LTD. has properly executed this Agreement December 13, 2020.

JASPER SUMMERLEA SHOPPING CENTER LTD.

Per: *[Signature]*
PRESIDENT

Per: _____



SCHEDULE "A"

to that certain GENERAL ASSIGNMENT OF RENTS AND LEASES made
as of December 13, 2020, between JASPER SUMMERLEA SHOPPING
CENTER LTD. (as Assignor) and KV CAPITAL INC. (as Assignee).

Mortgaged Lands

PLAN 8220508
BLOCK 30
LOT 9
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.405 HECTARES (1 ACRE) MORE OR LESS

**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

232022512

ORDER NUMBER: 47988458

ADVISORY

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

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

ASRL

THE LAND TITLES ACT

CAVEAT FORBIDDING REGISTRATION

Form 26, Section 130

TO: The Registrar of the Alberta Land Registration District

TAKE NOTICE that KV CAPITAL INC. (the "Caveator") of the City of Edmonton, in the Province of Alberta, claims an interest in land pursuant to the provisions of a General Assignment of Rents and Leases dated September 14, 2022 (a copy of which is annexed hereto) wherein JASPER SUMMERLEA SHOPPING CENTER LTD. assigned to the Caveator, all of its interest in those Rents and Leases referred to in the said General Assignment of Rents and Leases, all of which Rents and Leases relate to the following Lands:

PLAN 8220508
BLOCK 30
LOT 9
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.405 HECTARES (1 ACRE) MORE OR LESS

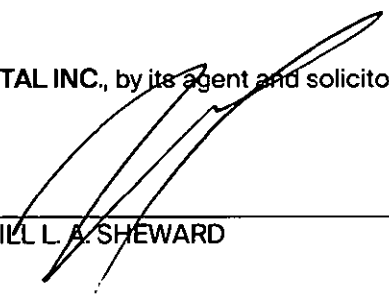
standing in the register in the name of JASPER SUMMERLEA SHOPPING CENTER LTD., and I forbid the registration of any person as transferee or owner of, or of any instrument affecting that estate or interest, unless the instrument or Certificate of title, as the case may be, is expressed to be subject to my claim.

I appoint SWAINSON MIKI PESKETT LLP, Barristers and Solicitors, #2800, 10104 - 103 Avenue NW, Edmonton, Alberta T5J 0H8, as the place at which notices and proceedings relating hereto may be served.

DATED September 16, 2022.

KV CAPITAL INC., by its agent and solicitor,

Per:



JILL L. A. SHEWARD

AFFIDAVIT IN SUPPORT OF CAVEAT
Form 27, Section 131

| | | |
|---------------------|---|---------------------------------|
| CANADA |) | I, Jill L. A. Sheward |
| |) | of Edmonton, in the Province of |
| PROVINCE OF ALBERTA |) | Alberta, Barrister and |
| |) | Solicitor, MAKE OATH AND SAY |
| TO WIT: |) | AS FOLLOWS: |

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

SWORN before me at the City
of Edmonton, in the Province
of Alberta, September 16, 2022.

Jill L. A. Sheward

A Commissioner for Oaths
in and for Alberta

TAMMY-LEE NGUYEN
A Commissioner for Oaths in and for Alberta
My Commission Expires April 5, 2024 ✓

117MM (117) NG JYEH
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GENERAL ASSIGNMENT OF RENTS AND LEASES

BETWEEN:

JASPER SUMMERLEA SHOPPING CENTER LTD.

- and -

KV CAPITAL INC.

WHEREAS:

- A. The Assignor has applied to the Assignee for the Loan;**
- B. As security for the Loan the Assignor has agreed to grant the Mortgage in favour of the Assignee;**
- C. As collateral and additional security for the Mortgage and the obligations contained therein, the Assignor has agreed to assign the Rents and the Leases in favour of the Assignee;**

NOW THEREFORE, in consideration of the Assignee advancing the Loan to the Assignor and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Assignor agrees as follows:

- 1. In this Agreement, unless there is something in the context or subject-matter inconsistent therewith:
 - (a) "Agreement" means this agreement, including the recitals and schedules attached hereto;**
 - (b) "Assignee" means KV Capital Inc.;**
 - (c) "Assignor" means Jasper Summerlea Shopping Center Ltd.;****

- (d) "Commitment Letter" means that certain letter from the Assignee (or the Assignee's agent) to the Assignor dated November 24, 2020, as amended on August 9, 2022, and amended from time to time;
- (e) "Lands" means those lands and premises legally described in Schedule "A" attached hereto;
- (f) "Leases" means all leases, offers to lease or tenancy agreements now in existence or which hereinafter come into existence in respect of the Lands;
- (g) "Loan" means the principal sum of \$6,500,000.00 with interest thereon calculated and paid in accordance with the terms of the Mortgage;
- (h) "Mortgage" means that certain mortgage granted by the Assignor to the Assignee as security for the repayment of the Loan to be registered as a first mortgage charge against title to the Lands; and
- (i) "Rents" means all rents due or to accrue due and be payable in respect of the Lands including without restriction, all rents due or to accrue due in respect of the Leases.

2. The Assignor does hereby fully and absolutely assign, transfer and set over to the Assignee:

- (a) the Rents and all the rights of the Assignor to enforce payment of the same, by way of distress or otherwise; and
- (b) the Leases and all benefits and advantages to be derived therefrom and all the rights of the Assignor to enforce the same.

3. Notwithstanding the foregoing, until such time as default has occurred under the terms of the Mortgage, the Assignor shall be at liberty to collect the Rents and to enjoy all of the rights, as landlord, under the terms of the Leases. Upon default occurring under the terms of the Mortgage, the Assignor's right to collect the Rents and to enforce the Leases shall cease and determine and this Agreement and the assignments contained herein shall become fully effective.

4. It is expressly agreed that this Agreement is taken as collateral security for the performance of the Assignor's obligations under the Mortgage and as such, this Agreement shall be effective only during the currency of the Mortgage.

5. Nothing contained herein shall be deemed to have the effect of making the Assignee responsible for the collection of the Rents, or any part thereof, or for the performance of any covenant, term or condition by the Assignor, as landlord, as contained in the Leases.

6. The Assignee shall not, by reason of this Agreement or by reason of any steps, actions, distress or other proceedings taken to enforce any of the rights granted to it hereunder, be deemed to be a mortgagee in possession of the Lands.

7. The Assignee shall be liable to account to the Assignor only for such monies as may be actually received by the Assignee. The Assignee agrees that such monies, when received, shall be held and applied in accordance with the terms of the Mortgage.

8. Neither this Agreement nor anything contained herein shall bind the Assignee to recognize any of the Leases nor in any way render the interest of the Assignee in the Lands subject to any of the Leases. All remedies now or hereinafter available to the Assignee as described in the Mortgage may be exercised notwithstanding any of the Leases or this Agreement.

9. When required by the Assignee, the Assignor will from time to time assign to the Assignee the Assignor's interest in each and every one of the Leases.

10. The Assignor warrants and represents to and in favour of the Assignee that, as of the date hereof:

- (a) the Leases are valid, subsisting and in good standing;
- (b) the Assignor has a right to enter into this Agreement and has not previously assigned the Leases or the Rents or any interest therein, except as disclosed in writing to the Assignee;
- (c) the Assignor is not in default under the Leases;

(d) to the best of the Assignor's knowledge, none of the tenants in respect of the Leases are in default of any of their respective obligations under and pursuant to the Leases.

11. Service by the Assignee of notice that the Mortgage is in default or that there has been a breach of the terms thereof shall be sufficient proof to all other parties of the fact of such default or breach, and the Assignor specifically authorizes all other parties including, without restriction, all tenants on the Lands, to accept such notice as conclusive proof thereof. Neither this Agreement nor anything in connection herewith shall be construed to amend the terms of the Mortgage or extend the time for repayment of the Loan.

12. This Agreement and everything contained herein shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns.

13. Any word herein contained importing the singular number shall include the plural and vice versa, and any word importing gender shall include the masculine, feminine or neuter gender, and any word importing a person shall include a corporation, individual, partnership and any other entity, all as the context requires; and in any case where this Agreement is executed by more than one Assignor, all covenants and agreements herein contained shall be construed and taken against such executing parties as joint and several.

14. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable or otherwise invalid, the same shall be severed but all other provisions shall nevertheless remain effective.

15. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the Courts of the Province of Alberta shall have exclusive jurisdiction over any dispute arising herefrom.

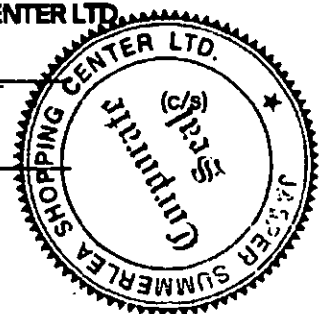
IN WITNESS WHEREOF JASPER SUMMERLEA SHOPPING CENTER LTD. has properly executed this Agreement September 14, 2022.

JASPER SUMMERLEA SHOPPING CENTER LTD.

Per: _____

Judy Chen
PRESIDENT

Per: _____



SCHEDULE "A"

to that certain GENERAL ASSIGNMENT OF RENTS AND LEASES made
as of September 17, 2022, between JASPER SUMMERLEA
SHOPPING CENTER LTD. (as Assignor) and KV CAPITAL INC. (as
Assignee).

Mortgaged Lands

PLAN 8220508
BLOCK 30
LOT 9
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.405 HECTARES (1 ACRE) MORE OR LESS



232022512

232022512 REGISTERED 2023 01 20

CAVE - CAVEAT

DOC 2 OF 2 DRR#: D00ANXL ADR/OMORRISO

LINC/S: 0011600681

This is **Exhibit H** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

**SECURITY AGREEMENT
(ALBERTA)**

JASPER SUMMERLEA SHOPPING CENTER LTD.

TO

KV CAPITAL INC.

SECURITY AGREEMENT

WHEREAS:

A. The Lender has agreed to lend the Debtor the principal sum of \$5,500,000.00 which sum is to be repaid together with interest in accordance with the terms and conditions contained in the Land Mortgage.

B. The Lender has required that the Debtor execute and deliver this Security Agreement as additional security for the repayment of the Indebtedness.

NOW THEREFORE IN CONSIDERATION of the Lender making advances to the Debtor and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Debtor agrees as follows:

ARTICLE 1 DEFINITIONS

1.1 In this Security Agreement and any other agreement, notice or other document delivered by one party to another pursuant to the terms hereof, the following terms shall have the following meanings unless the context shall otherwise require:

- (a) "Collateral" means the property described in Schedule "B" attached hereto, together with:
 - (i) all property of the same nature which may hereafter be purchased or acquired by the Debtor or be in the possession of the Debtor, whether in addition to, renewal of or substitution therefor;
 - (ii) all accessions, alterations, increases, parts, fittings, accessories, equipment and tools installed in or affixed thereto whether in addition to, in renewal of or substitution therefor;
 - (iii) the Proceeds of any of the property described in this subsection (a) including Proceeds of those Proceeds; and

- (iv) a mortgage and charge as and by way of a floating charge, in all of the Debtor's present and after acquired interest in property, assets and undertaking not secured in subsections (i) - (iii) above, including all real, immovable and leasehold property and all easements, rights-of-way, privileges, benefits, licenses, improvements and right whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plant and other fixtures now owned or hereafter owned or acquired by or on behalf of the Debtor;

- (b) "Communication" means a notice, request, demand, pleading, judicial documentation or any other communication to be made, served, or given between the parties hereto under or in connection with:
 - (i) this Security Agreement;
 - (ii) the Lender's enforcement of its rights hereunder;
 - (iii) the Lender's exercise of its rights in respect of enforcement against the Collateral; and
 - (iv) the commencement of proceedings or service of any legal process pursuant to the provisions of the Alberta Rules of Court AR 124/2010, the *Judicature Act* (Alberta) RSA 2000, c J-2, the *Law of Property Act* (Alberta) RSA 2000, c. L-7, the *Bankruptcy and Insolvency Act* RSC. 1985, c. B-3, the Bankruptcy and Insolvency General Rules CRC. c. 368, the *Personal Property Security Act* (Alberta) RSA 2000 c P-7, or any legislation related thereto or successor legislation thereof.

- (c) "Debtor" means Jasper Summerlea Shopping Center Ltd. and includes its successors and permitted assigns, who shall be deemed to receive notices and other communications delivered by electronic transmission to judychen1961@gmail.com in accordance with Section 8.8 of this Security Agreement ;

- (d) "Event of Default" means an Event of Default as defined in the Land Mortgage;

- (e) "Indebtedness" means the principal sum, interest and other costs set out in the Land Mortgage and all other costs, fees, charges or expenses that may become owing to the Lender by the Debtor pursuant to the terms hereof;

- (f) "Land Mortgage" means that certain land mortgage executed by the Debtor in favour of the Lender, particulars of which are set out in Schedule "A" attached hereto;
- (g) "Lender" means KV Capital Inc. who shall be deemed to receive Communication delivered by electronic transmission to pm@kvcapital.ca in accordance with Section 8.8 of this Security Agreement;
- (h) "Mortgaged Lands" means the lands which are the subject of the Land Mortgage and which are described in Schedule "A" attached hereto;
- (i) "Permitted Encumbrances" means those Security Interests granted by the Debtor as collateral security for the permitted encumbrances listed in the Land Mortgage; and
- (j) "Security Agreement" means this Security Agreement and any renewals, substitutions or replacements thereof. The expressions "herein", "hereof", "hereto", "above", "below" and similar expressions used in any paragraph, subparagraph, section, subsection or Article of this Security Agreement refer and relate to the whole of this Security Agreement and not to that paragraph, subparagraph, section, subsection or Article only unless otherwise expressly provided.

1.2 All other capitalized terms utilized herein shall have the meaning set out in the *Personal Property Security Act*, in force in Alberta as of the date hereof.

ARTICLE 2 SECURITY INTEREST

2.1 As continuing security for the repayment of the Indebtedness the Debtor hereby mortgages and grants a first Security Interest in the Collateral to and in favour of the Lender.

2.2 The Debtor agrees that:

- (a) the Security Interest hereby granted in the Collateral shall attach upon the execution of this Security Agreement;
- (b) the Security Interest hereby granted in after-acquired property shall attach at the same time as the Debtor acquires rights in the after-acquired property; and
- (c) value has been given to the Debtor by the Lender.

ARTICLE 3 INSURANCE

- 3.1 Until the Indebtedness is paid in full to the Lender, the Debtor will:
- (a) forthwith insure and keep the Collateral insured against such risks as the Lender may require for the full insurable value thereof, with a company or companies approved by the Lender;
 - (b) pay all premiums and sums of money necessary to maintain such insurance as the same become due and deliver the receipt or receipts as proof of such payment on demand. Evidence of renewal of such insurance shall be delivered to the Lender at least 30 Business Days prior to the expiration thereof;
 - (c) forthwith assign, transfer and deliver over to the Lender, on demand, the policies of insurance and receipts thereto appertaining, which policies will name the Lender as first loss payee thereunder subject to a mortgage clause approved by the Lender;
 - (d) forthwith on the happening of any loss or damage furnish at its own expense all necessary proofs and do all necessary acts to enable the Lender to obtain payment of the insurance monies. Any insurance money received may, at the option of the Lender, either be held in a suspense account or be applied toward the replacement or repair of the Collateral, or be paid to the Debtor or be applied in respect of the Indebtedness or partly in one of such ways and partly in another, all in the sole discretion of the Lender.

If the Debtor defaults in the covenants set out herein then in addition to its other rights and remedies, the Lender may, but shall not be required to, effect such insurance at the cost of the Debtor.

ARTICLE 4 DEBTOR'S COVENANTS

- 4.1 (a) The Debtor will pay to the Lender the full amount of the Indebtedness at the times and in the manner set out in the Land Mortgage.
- (b) The Debtor will not sell, assign, transfer, dispose of, grant a security interest in or part with the possession of any of the Collateral nor remove any of the same from the Mortgaged Lands except in the ordinary course of business without the written consent of the Lender, which consent may be arbitrarily withheld, and will keep the Collateral free and

clear of all liens, mortgages, charges, encumbrances and Security Interests, save and except for the Permitted Encumbrances.

- (c) The Debtor will maintain and keep the Collateral in good repair and will not allow the value of the Collateral to be impaired and it will allow the Lender or such other person as may be designated by the Lender from time to time to enter upon any premises where the Collateral may be kept to inspect and view their condition and repair. If the Debtor defaults in the covenants set out herein, the Lender may without the consent or concurrence of the Debtor repair and put in good order the Collateral but shall not be bound to do so.
- (d) The Debtor will execute, issue and deliver such supplemental or collateral security agreements as may be required by the Lender in its sole discretion and, without restricting the generality of the foregoing, for any one or more of the following purposes:
 - (i) making any corrections or changes as counsel for the Lender advises are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omissions or mistakes or manifest errors contained herein or in any instrument or agreement supplementary or ancillary hereto; or
 - (ii) correcting or amplifying the description of any of the Collateral intended to be subject to the Security Interest hereby created.
- (e) The Debtor will give immediate written notice to the Lender of:
 - (i) any material loss of or damage to the Collateral;
 - (ii) any change in the location of the Collateral or the name of the Debtor; and
 - (iii) the details of any Collateral disposed of or hereafter acquired by the Debtor.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 The Debtor represents and warrants to and in favour of the Lender that:

- (a) the Debtor is and shall be during the existence of this Security Agreement a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta;
- (b) the Debtor is the owner of the Collateral free and clear of all liens, charges, claims, encumbrances and security interests, other than the Permitted Encumbrances, and has the right to possess the Collateral (subject to the rights of tenants of the Mortgaged Lands);
- (c) the Debtor has all such powers and authorizations as are necessary to enable it to own the Collateral and to execute, deliver and carry out its obligations under this Security Agreement; and
- (d) this Security Agreement has been duly executed and delivered by it and is in full force and effect and constitutes a legal, valid and binding obligation of the Debtor in accordance with the terms hereof.

ARTICLE 6 EVENTS OF DEFAULT

6.1 At the option of the Lender, the whole of the Indebtedness shall be accelerated and become immediately due and payable and the Security Interest hereby created shall become enforceable upon the occurrence of an Event of Default.

6.2 A default by the Debtor hereunder shall constitute a default under the Land Mortgage and any other instruments or agreements, if any, securing or evidencing the Indebtedness of the Debtor to the Lender.

ARTICLE 7 REMEDIES

7.1 Upon the occurrence of an Event of Default, the Lender shall immediately be at liberty to take any and all proceedings to enforce this Security Agreement and to obtain payment of the Indebtedness, and without limiting the generality of the foregoing:

- (a) the Lender may take immediate possession of the Collateral, and for this purpose it shall be lawful for the Lender and any Receiver, officer, servant, agent or bailiff of the Lender, with such other assistance as it may require, at any time during the day to enter in or upon the Mortgaged Lands and any lands, buildings or premises where any of the Collateral

may be and to break and force open any door, lock, hinge, fastening, gate, fence, building, enclosure or place, for the purpose of taking possession of and removing any or all of the Collateral;

- (b) upon taking possession of the Collateral, the Lender is hereby authorized and empowered to use the Collateral or to dispose of the Collateral by any method permitted by law, including without limitation, at public auction or by private sale, by lease or deferred payment, with or without notice to the Debtor and upon such terms and in such manner as the Lender may determine;
- (c) the proceeds of any such sale, less all expenses incurred by the Lender in taking, repairing, preserving or disposing of the Collateral (including solicitor's fees as between a solicitor and his own client on a full indemnity basis), shall be appropriated to the payment of the Indebtedness, and any surplus remaining shall be disposed of according to law and the Debtor shall be liable for any deficiency; and
- (d) the Lender shall not be charged with any monies except those actually received.

The Lender shall have the right to exercise its remedies hereunder or under any other security or agreement or any of them concurrently or successively as it may determine and the exercise by the Lender of one or more of such remedies shall not constitute an election of remedies.

7.2 Upon the occurrence of an Event of Default, in addition to any of the remedies available to the Lender, the Lender may appoint any person or persons to be a Receiver or Receivers of the Collateral, and may remove any Receiver or Receivers so appointed and appoint another or others in his or their stead. The following provisions shall apply to this paragraph:

- (a) a Receiver so appointed shall conclusively be the agent of the Debtor, and the Debtor shall be solely responsible for the acts or default and for the remuneration and expenses of the Receiver. The Lender shall not be responsible for any misconduct or negligence on the part of the Receiver, and may, from time to time, fix the remuneration of the Receiver and be at liberty to direct the payment thereof from proceeds collected;
- (b) nothing contained herein and nothing done by the Lender or by the Receiver shall render the Lender a mortgagee in possession or responsible as such;
- (c) all monies received by the Receiver after providing for payment and charges ranking prior to this Security Agreement, and for all costs, charges and expenses of or incidental to the

exercise of any of the powers of the Receiver or the Lender, as herein set forth, shall be held and applied in accordance with the terms of the Land Mortgage;

- (d) the Receiver so appointed shall have power to:
 - (i) take possession of, collect and get in the Collateral and for that purpose to take any proceedings, be they legal or otherwise, in the name of the Debtor or otherwise;
 - (ii) to carry on or concur in carrying on the business which the Debtor is conducting from the Mortgaged Lands or upon any premises on which the Collateral are situate;
 - (iii) sell, lease or otherwise dispose of all or any portion of the Collateral, and for that purpose to execute contracts in the name of the Debtor, which said contracts shall be binding upon the Debtor; and
 - (iv) exercise any of the rights or powers conferred upon the Lender hereunder or under the Land Mortgage;
- (e) the rights and powers conferred by this paragraph are supplemental to and not in substitution for any other rights or powers which the Lender may have from time to time;
- (f) the Debtor hereby irrevocably appoints the Lender and any Receiver appointed as aforesaid to be its attorney in its name, on its behalf, and under the seal of the Lender or the Debtor, to execute any agreement, document, conveyance, assurance or thing which the Receiver in its sole discretion deems advisable and generally to use the name and seal of the Debtor in the exercise of any of the powers hereby conferred on the Lender or the Receiver;
- (g) the Receiver may be the Lender, or any officer or employee of the Lender or any other person or persons selected by the Lender; and
- (h) the Receiver appointed hereunder shall not be obliged to take possession or control of the whole of the business of the Debtor. Rather, the Lender's right to appoint hereunder shall be restricted to the Collateral.

7.3 In the exercise of any of its rights pursuant to this Security Agreement, neither the Lender nor any party acting on behalf of the Lender shall be obliged to:

- (a) keep the Collateral identifiable; or
- (b) incur any costs or expenses in maintaining, preserving or improving the Collateral.

7.4 The Lender shall have the right, but not the obligation, to pay the whole or any part of any lien, mortgage, charge, encumbrance or Security Interest affecting the Collateral and shall be subrogated to all of the rights of the party receiving the payment, whether such lien, mortgage, charge or encumbrance or Security Interest has or has not been discharged.

ARTICLE 8 GENERAL

8.1 The taking of a judgment or judgments on any covenant contained herein or on any covenant which is set forth in any other security or agreement now or hereafter granted by the Debtor to the Lender shall not operate as a merger of such covenant or affect the Lender's right to interest at the rate stipulated in the Land Mortgage on any monies which are owing to the Lender. Interest shall continue to accrue on the Indebtedness at the rate set forth in the Land Mortgage until paid in full.

8.2 The Lender may at any time release any of the Mortgaged Lands, the Collateral or any collateral security with or without any consideration but without being accountable for the value thereof and without thereby releasing or affecting any other of the Collateral or any of the covenants or agreements herein contained.

8.3 All fees and expenses incurred by the Lender for preparing and registering this Security Agreement, for examining the Collateral and the title thereto, for making and maintaining a first mortgage and Security Interest on the Collateral, and for enforcing this Security Agreement, including legal costs as between a solicitor and his own client on a full indemnity basis, together with all sums which the Lender may and does from time to time advance, expend or incur hereunder or in exercise of any rights or powers herein granted, shall be secured hereby, and the amount of the same when paid by the Lender shall bear interest at the rate and in the manner set out in the Land Mortgage and shall be repayable on demand.

8.4 The decision of the Lender as to the expediency, validity or amount of any advance or disbursement made under this Security Agreement shall be final and binding on the Debtor.

8.5 The headings in this Security Agreement have been inserted for reference and convenience only and in no way define, limit or enlarge the scope or meaning of this Security Agreement.

8.6 The Preamble and Schedules attached hereto shall be and form part hereof. The Schedules are:

- (a) Schedule "A" - Particulars of the Land Mortgage;
- (b) Schedule "B" - the Collateral.

8.7 Whenever the singular or the masculine or neuter is used herein, the same shall be construed as the plural or as the masculine, feminine or neuter respectively, where the fact or context so requires. If this Security Agreement is executed by more than one Debtor, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several.

8.8 Any Communication may be made and shall be deemed to have been well and sufficiently received if sent by electronic transmission to the applicable email address specified in section 1.1(c) and 1.1(f) hereunder. The Lender shall be entitled to rely on any communication so delivered to the Debtor with respect to any matter and shall not be required to make any independent investigation thereof. The Debtor expressly acknowledges that any such communication sent by electronic transmission may pertain to and engage certain of their legal rights and interests in and to the Collateral, and shall not constitute, nor in any way be considered to be, defective or irregular notice. Each party shall provide the other with written notice of any change to its email address no later than five business days following such change. Any communication sent to the email address specified in section 1.1(c) or 1.1(f) hereunder, prior to receipt by the sending party of a notice of any change thereto, shall be deemed good and sufficient. Each communication sent by electronic transmission by email shall be deemed to have been delivered on the day of communication with confirmation of transmission, if communicated at or before 5:00 p.m. Edmonton time on a business day, or on the next business day if communicated after that time.

8.9 Time shall in every respect be of the essence hereof.

8.10 This Security Agreement and all documents and agreements collateral or related hereto shall be construed in accordance with the laws of the Province of Alberta, and the parties hereby submit to the jurisdiction of the Courts of the Province of Alberta.

8.11 The provisions of this Security Agreement shall not merge with any other security granted by the Debtor to the Lender or any other agreement entered into by the Debtor with the Lender.

8.12 No waiver, express or implied, by the Lender of any breach or default by the Debtor hereunder shall be deemed to be a waiver of any other breach or default. Failure on the part of the Lender

to complain of any default by the Debtor irrespective of how long such default continues, shall not constitute a waiver by the Lender of its rights hereunder.

8.13 If any term of this Security Agreement shall be invalid or unenforceable to any extent, same shall be severed and the remainder of this Security Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

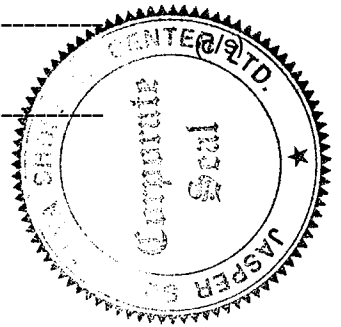
8.14 The Debtor acknowledges having received a copy of this Security Agreement and waives any right it may have to receive a copy of any Financing Statement or Financing Change Statement in relation hereto.

IN WITNESS WHEREOF the Debtor has hereunto affixed its corporate seal duly by the hands of its proper officers December 13, 2020.

JASPER SUMMERLEA SHOPPING CENTER LTD.

Per: *Judy Chen*

Per: **PRESIDENT**



SCHEDULE "A"

to that certain Security Agreement made as of December 13, 2020
between JASPER SUMMERLEA SHOPPING CENTER LTD. (as Debtor)
and KV CAPITAL INC. (as Lender).

Description of the Land Mortgage

- | | | |
|-----|------------------|--|
| (a) | Mortgagor: | JASPER SUMMERLEA SHOPPING CENTER LTD. |
| (b) | Mortgagee: | KV CAPITAL INC. |
| (c) | Mortgaged Lands: | PLAN 8220508 BLOCK 30 LOT 9 EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 0.405 HECTARES (1 ACRE) MORE OR LESS |
| (d) | Principal Sum: | \$5,500,000.00 |
| (e) | Interest Rate: | The greater of the Prime Rate (as defined in the Land Mortgage) plus 6.05% per annum, calculated daily and compounded monthly, not in advance, and 8.50% per annum, calculated daily and compounded monthly, not in advance |
| (f) | Term: | 12 months |
| (g) | Monthly Payment: | Interest only |

SCHEDULE "B"

to that certain Security Agreement made as of December 13, 2020
between JASPER SUMMERLEA SHOPPING CENTER LTD. (as Debtor) and
KV CAPITAL INC. (as Lender).

Description of the Collateral

ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE
DEBTOR INCLUDING, WITHOUT RESTRICTION, ALL ACCOUNTS,
CHATTEL PAPER, INSTRUMENTS AND INSURANCE PROCEEDS

This is **Exhibit I** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Allan MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

232121493

ORDER NUMBER: 47988458

ADVISORY

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

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

POSTPONEMENT OF MORTGAGE

TO: THE REGISTRAR OF THE NORTH ALBERTA LAND REGISTRATION DISTRICT

West Edmonton Truckland Ltd., Mortgagee pursuant to a Mortgage registered in the Land Titles Office for the North Alberta Land Registration District on the 10th day of September, 2022, as registration number 222 201 087, HEREBY AGREE to the absolute postponement of all its rights, interests and estate in the following lands to a maximum of \$6,500,000.00 namely:

PLAN 8220508

BLOCK 30

LOT 9

EXCEPTING THEREOUT ALL MINES AND MINERALS

to the rights in and to the said lands granted to KV CAPITAL INC. namely:

A Mortgage granted to KV CAPITAL INC. by Jasper Summerlea Shopping Center Ltd. as registration number 232 022 511.

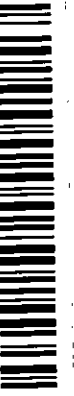
And

A Caveat Re: Assignment of Rents and Leases granted to KV CAPITAL INC. by Jasper Summerlea Shopping Center Ltd. as registration number 232 022 512.

IN WITNESS WHEREOF West Edmonton Truckland Ltd. has caused these presents to be signed by its duly authorized representatives as of this 19th day of September, 2022.

West Edmonton Truckland Ltd.

Per: 



232121493

232121493 REGISTERED 2023 04 18

POST - POSTPONEMENT

DOC 1 OF 2 DRR#: E00100X ADR/KCHEUNG

LINC/S: 0011600681



**ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE**

IMAGE OF DOCUMENT REGISTERED AS:

232121494

ORDER NUMBER: 47988458

ADVISORY

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

2

POSTPONEMENT OF MORTGAGE

TO: THE REGISTRAR OF THE NORTH ALBERTA LAND REGISTRATION DISTRICT

1756282 Alberta Ltd., Mortgagee and West Edmonton Truckland Ltd., Mortgagee pursuant to a Mortgage registered in the Land Titles Office for the North Alberta Land Registration District on the 28th day of May, 2022, as registration number 222 121 335, HEREBY AGREE to the absolute postponement of all its rights, interests and estate in the following lands to a maximum of \$6,500,000.00 namely:

PLAN 8220508
BLOCK 30
LOT 9
EXCEPTING THEREOUT ALL MINES AND MINERALS

to the rights in and to the said lands granted to KV CAPITAL INC. namely:

A Mortgage granted to KV CAPITAL INC. by Jasper Summerlea Shopping Center Ltd. as registration number 232 022 511.

And

A Caveat Re: Assignment of Rents and Leases granted to KV CAPITAL INC. by Jasper Summerlea Shopping Center Ltd. as registration number 232 022 512.

IN WITNESS WHEREOF 1756282 Alberta Ltd. has caused these presents to be signed by its duly authorized representatives as of this 19th day of September, 2022.

1756282 Alberta Ltd.

Per: 

West Edmonton Truckland Ltd.

Per: 

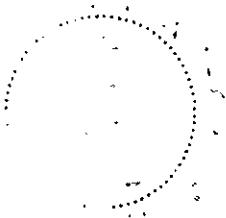
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232121494

232121494 REGISTERED 2023 04 18
POST - POSTPONEMENT
DOC 2 OF 2 DRR#: E00100X ADR/KCHEUNG
LINC/S: 0011600691



This is **Exhibit J** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Allan MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

Search ID #: Z16433242

Transmitting Party

DLA PIPER (CANADA) LLP

1000 Livingston Place, 250 2 Street SW
CALGARY, AB T2P 0C1

Party Code: 50100726

Phone #: 403 698 8750

Reference #: 106178-00056

Search ID #: Z16433242

Date of Search: 2023-Aug-08

Time of Search: 09:13:19

Business Debtor Search For:

JASPER SUMMERLEA SHOPPING CENTER

Inexact 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 #: Z16433242

Business Debtor Search For:

JASPER SUMMERLEA SHOPPING CENTER

Search ID #: Z16433242

Date of Search: 2023-Aug-08

Time of Search: 09:13:19

Registration Number: 20072909135

Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Jul-29

Registration Status: Current

Expiry Date: 2026-Jul-29 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 JASPER SUMMERLEA SHOPPING CENTER LTD.
11026 128 ST NW
EDMONTON, AB T5M0W6

Current

Secured Party / Parties

Block

Status

1 FORD CREDIT CANADA COMPANY
PO BOX 2400
EDMONTON, AB T5J 5C7
Email: albertaprod@teranet.ca

Current

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1 1FTEW1EP8LFA42952 2020 FORD F150 MV - Motor Vehicle Current

Search ID #: Z16433242

Business Debtor Search For:

JASPER SUMMERLEA SHOPPING CENTER

Search ID #: Z16433242

Date of Search: 2023-Aug-08

Time of Search: 09:13:19

Registration Number: 20121610846

Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Dec-16

Registration Status: Current

Expiry Date: 2025-Dec-16 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 JASPER SUMMERLEA SHOPPING CENTER LTD.
17006 - 90 AVENUE
EDMONTON, AB T5T 1L6

Current

Secured Party / Parties

Block

Status

1 KV CAPITAL INC.
SUITE 101, 1290-91 ST SW
EDMONTON, AB T6X 0P2
Phone #: 780 433 1222 Fax #: 866 229 1295
Email: underwriting@kvcapital.ca

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR INCLUDING, WITHOUT RESTRICTION, ALL ACCOUNTS, CHATTEL PAPER, INSTRUMENTS AND INSURANCE PROCEEDS, AND ALL PROCEEDS THEREOF. PROCEEDS: ACCOUNTS, CHATTEL PAPER, MONEY, INTANGIBLES, GOODS, INSURANCE PROCEEDS, DOCUMENTS OF TITLE, INSTRUMENTS, AND SECURITIES.

Current

Search ID #: Z16433242

Business Debtor Search For:

JASPER SUMMERLEA SHOPPING CENTER

Search ID #: Z16433242

Date of Search: 2023-Aug-08

Time of Search: 09:13:19

Registration Number: 20121610851

Registration Type: LAND CHARGE

Registration Date: 2020-Dec-16

Registration Status: Current

Registration Term: Infinity

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 JASPER SUMMERLEA SHOPPING CENTER LTD.
17006 - 90 AVENUE
EDMONTON, AB T5T 1L6

Current

Secured Party / Parties

Block

Status

1 KV CAPITAL INC.
SUITE 101, 1290-91 ST SW
EDMONTON, AB T6X 0P2
Phone #: 780 433 1222 Fax #: 866 229 1295
Email: underwriting@kvcapital.ca

Current

Search ID #: Z16433242

Business Debtor Search For:

JASPER SUMMERLEA SHOPPING CENTER

Search ID #: Z16433242

Date of Search: 2023-Aug-08

Time of Search: 09:13:19

Registration Number: 21052612639

Registration Type: SECURITY AGREEMENT

Registration Date: 2021-May-26

Registration Status: Current

Expiry Date: 2026-May-26 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 JASPER SUMMERLEA SHOPPING CENTER LTD
11026 128 STREET NW
EDMONTON, AB T5M 0W6

Current

Block

Status

2 CHEN, JUDY, PING
11026 128 STREET NW
EDMONTON, AB T5M 0W6

Current

Birth Date:
1961-Mar-13

Block

Status

3 CHEN, JUDY
11026 128 STREET NW
EDMONTON, AB T5M 0W6

Current

Birth Date:
1961-Mar-13

Secured Party / Parties

Block

Status

1 BMW CANADA INC.
50 ULTIMATE DRIVE
RICHMOND HILL, ON L4S 0C8
Email: albertaprod@teranet.ca

Current

Collateral: Serial Number Goods

| <u>Block</u> | <u>Serial Number</u> | <u>Year</u> | <u>Make and Model</u> | <u>Category</u> | <u>Status</u> |
|---------------------|-----------------------------|--------------------|------------------------------|------------------------|----------------------|
| 1 | 5UXJU4C01M9F87047 | 2021 | BMW X5 M50i | MV - Motor Vehicle | Current |

Search ID #: Z16433242

Business Debtor Search For:

JASPER SUMMERLEA SHOPPING CENTER

Search ID #: Z16433242

Date of Search: 2023-Aug-08

Time of Search: 09:13:19

Registration Number: 21121420444

Registration Type: SECURITY AGREEMENT

Registration Date: 2021-Dec-14

Registration Status: Current

Expiry Date: 2026-Dec-14 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 JASPER SUMMERLEA SHOPPING CENTER LTD.
17118 90 AVE
EDMONTON, AB T5T4C8

Current

Block

Status

2 CHEN, JUDY, PING
11026 128 ST NW
EDMONTON, AB T5M0W6

Current

Birth Date:
1961-Mar-13

Secured Party / Parties

Block

Status

1 TOYOTA CREDIT CANADA INC.
80 MICRO COURT
MARKHAM, ON L3R 9Z5
Email: albertaprod@teranet.ca

Current

Collateral: Serial Number Goods

| <u>Block</u> | <u>Serial Number</u> | <u>Year</u> | <u>Make and Model</u> | <u>Category</u> | <u>Status</u> |
|---------------------|-----------------------------|--------------------|------------------------------|------------------------|----------------------|
| 1 | JTJHARDZ8M2245701 | 2021 | LEXUS NX300 | MV - Motor Vehicle | Current |

Search ID #: Z16433242

Business Debtor Search For:

JASPER SUMMERLEA SHOPPING CENTER

Search ID #: Z16433242

Date of Search: 2023-Aug-08

Time of Search: 09:13:19

Registration Number: 21121712194

Registration Type: SECURITY AGREEMENT

Registration Date: 2021-Dec-17

Registration Status: Current

Expiry Date: 2026-Dec-17 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 JASPER SUMMERLEA SHOPPING CENTRE LTD.
11442 142 STREET
EDMONTON, AB T5M 1V1

Current

Block

Status

2 CHEN, JUDY
11026 128 STREET NW
EDMONTON, AB T5M 0W6

Current

Birth Date:
1961-Mar-13

Secured Party / Parties

Block

Status

1 REP INVESTMENTS LTD.
16806 118 AVENUE NW
EDMONTON, AB T5V 1M8
Email: woofok@shaw.ca

Current

Collateral: General

Block

Description

Status

1 All present and future goods and assets

Current

Search ID #: Z16433242

Business Debtor Search For:

JASPER SUMMERLEA SHOPPING CENTER

Search ID #: Z16433242

Date of Search: 2023-Aug-08

Time of Search: 09:13:19

Registration Number: 23030733714

Registration Type: SECURITY AGREEMENT

Registration Date: 2023-Mar-07

Registration Status: Current

Expiry Date: 2029-Mar-07 23:59:59

Inexact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

Inexact Match on: Debtor No: 3

Inexact Match on: Debtor No: 4

Debtor(s)

Block

Status

Current

1 JASPER SUMMERLEA SHOPPING CENTER LTD.
11026 128 ST
NEW EDMONTON, AB T5M 0W6

Block

Status

Current

2 JASPER SUMMERLEA SHOPPING CENTER LTD.
43 - 27507 TWP RD 544
STURGEON COUNTRY, AB T8R 2B5

Block

Status

Current

3 JASPER SUMMERLEA SHOPPING CENTER LTD.
11026 128 ST NW,
NEW EDMONTON, AB T5M 0W6

Block

Status

Current

4 JASPER SUMMERLEA SHOPPING CENTER LTD.
17104-90TH AVENUE NW
EDMONTON, AB T5T 4C8

Block

Status

Current

5 LEE, DAVID
11026 128 ST
NEW EDMONTON, AB T5M 0W6

Search ID #: Z16433242

Birth Date:
1986-Dec-05

Block

6 LEE, DAVID
11506, 77 AVE
NEW EDMONTON, AB T6G 0M1

Status
Current

Birth Date:
1986-Dec-05

Block

7 CHEN, JUDY, PING
11026 128 ST
NEW EDMONTON, AB T5M 0W6

Status
Current

Birth Date:
1961-Mar-13

Block

8 CHEN, JUDY
11026 128 ST
NEW EDMONTON, AB T5M 0W6

Status
Current

Birth Date:
1961-Mar-13

Block

9 LEE, DAVID, G
11026 128 ST
NEW EDMONTON, AB T5M 0W6

Status
Current

Birth Date:
1986-Dec-05

Block

10 CHEN, JUDY, PING
11026 128 ST NW
NEW EDMONTON, AB T5M 0W6

Status
Current

Birth Date:
1961-Mar-13

Block

11 LEE, DAVID, GARY
11506, 77 AVE NW
NEW EDMONTON, AB T6G 0M1

Status
Current

Birth Date:
1986-Dec-05

Search ID #: Z16433242

Secured Party / Parties

Block

Status

Current

1 VAULT CREDIT CORPORATION
41 SCARSDALE ROAD, SUITE 5
TORONTO, ON M3B 2R2
Email: absecparties@avssystems.ca

Collateral: General

Block

Description

Status

| | | |
|---|--|---------|
| 1 | ALL EQUIPMENT ATTACHMENTS AND ACCESSORIES DESCRIBED IN AGREEMENT NUMBER 292734 TOGETHER WITH ALL ATTACHMENTS, ACCESSORIES, SUBSTITUTIONS, ADDITIONS, SUBSTITUTIONS, IMPROVEMENTS, REPAIR AND REPLACEMENT PARTS AND OTHER EQUIPMENT PLACED ON OR FORMING PART OF THE GOODS DESCRIBED HEREIN AND ANY AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL OR PROCEEDS THEREOF AND WITHOUT LIMITATION, MONEY, CHEQUES, DEPOSITS IN DEPOSIT TAKING INSTITUTIONS, GOODS, ACCOUNTS RECEIVABLE, RENTS OR OTHER PAYMENTS ARISING FROM THE LEASE OF THE COLLATERAL, INCLUDING ALL GOODS, SECURITIES, INSTRUMENTS DOCUMENTS OF TITLE, CHATTEL PAPER, INTANGIBLES (AS DEFINED IN THE PERSONAL PROPERTY SECURITY ACT), RIGHTS OF INSURANCE PAYMENTS OR ANY OTHER PAYMENT AS INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL. | Current |
|---|--|---------|

Result Complete

This is **Exhibit K** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Alex MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta



June 19, 2023

Jasper Summerlea Shopping Center Ltd.
Judy Chen
11026 – 128 Street NW
Edmonton, AB T5M 0W6

Re: Demand Letter and Foreclosure by KV Capital Inc.
Mortgagor Jasper Summerlea Shopping Center Ltd.,
Guarantor Judy Chen
Instrument Nos # Mortgage: 232 022 511
Caveat: 232 022 512
Legal Description (Civic Address) Plan 8220508, Block 30, Lot 9; (17104 – 90 Avenue NW, Edmonton, AB)

Your First mortgage granted by KV Capital Inc. is in arrears. When your mortgage is in arrears, there is a default under the terms of the mortgage and the entire balance becomes due and payable in full. Accordingly, formal demand is hereby made for payment of the balance outstanding on the mortgage, the particulars of which are as follows:

| | |
|--|-----------------------|
| Principal Amount | \$6,500,000.00 |
| Interest due May 1, 2023 | \$65,695.20 |
| Interest due June 1, 2023 | \$70,386.99 |
| Outstanding Invoice | \$1,921.71 |
| Accrued Interest | \$41,725.50 |
| Total Outstanding as at June 19, 2023 | \$6,679,729.40 |
| Per diem rate per day: | \$2,318.08 |

Please note your automatic payments have been stopped.

Please note that failing to comply with this demand may result in enforcement proceedings being commenced against you at the expiry of your demand and you may be subject to further costs, such as, but not limited to, inspection costs and additional solicitor client costs and any additional payments made by KV Capital Inc.

Please note we are currently checking the status of your property taxes. If they are in further arrears, and we proceed to foreclosure, you will be required to address these outstanding amounts in the foreclosure action.

Demand is made for payment of the balance outstanding, plus daily per diem, to be submitted by money order or bank draft, **payable to KV Capital Inc. no later than close of business on June 30, 2023**, failing which we will look to exercise our right to commence foreclosure proceedings. We will not grant an extension of time for payment.

Our office is located at #101, 1290 91 Street SW, Edmonton, Alberta, T6X 0P2. Please send your payment to the attention of Aleem Virani. We strongly recommend, for your protection, that you only use an overnight courier or overnight Canada Post to ensure promptness of your payment and to facilitate the tracking of your package.

Please govern yourself accordingly.

Sincerely,



KV Capital Inc.

A handwritten signature in black ink, appearing to be 'Aleem Virani', is written over a faint, circular watermark or background mark.

Per: Aleem Virani, CA, CBV, ICD.D
Chief Executive Officer



Bankruptcy and Insolvency Act
(Form 86)
Notice of Intention to Enforce Security
(Subsection 244 {1})

To: **Jasper Summerlea Shopping Center Ltd. and Judy Chen.**

TAKE NOTICE THAT:

- I. **KV Capital Inc.**, a secured creditor, intends to enforce its security on the property of the insolvent corporation described to below:

8220508, Block 30, Lot 9; (17104 – 90 Avenue NW, Edmonton, AB)

Including without limitation all personal property, fixed or otherwise, of the insolvent corporation located at the said mortgaged premises.

- II. The security that is to be enforced is in the form of the following non-exhaustive list:

Mortgage pursuant to the *Land Titles Act* of Alberta, registered on January 20, 2023, and bearing registration no. **232 022 511**

Caveat pursuant to the Land Titles Act of Alberta, registered on January 20, 2023, and bearing registration no. **232 022 512**

- III. The total amount of indebtedness secured by this security is **\$6,679,729.40** as at June 19, 2023 (per diem **\$2,318.08** plus interest and costs).

- IV. The secured creditor will not have the right to enforce or continue to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent corporation consents to an earlier enforcement.

Dated at Edmonton, Alberta, this **June 19, 2023**.

KV Capital Inc.

A handwritten signature in black ink, appearing to read 'Aleem Virani', is written over a faint circular stamp.

Per: Aleem Virani, CA, CBV, ICD.D
Chief Executive Officer

This is **Exhibit L** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Alan Macdonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

COURT FILE NUMBER 2303 12261
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF KV CAPITAL INC.
DEFENDANTS JASPER SUMMERLEA SHOPPING CENTER LTD. and JUDY CHEN
DOCUMENT **CONSENT TO ACT AS RECEIVER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

DLA PIPER (CANADA) LLP
Suite 2700, Stantec Tower
10220 – 103rd Avenue NW
Attn: Jerritt Pawlyk and Kevin Hoy
Phone: 780.429.6835
Fax: 780.670.4329
Email: Jerritt.pawlyk@dlapiper.com / kevin.hoy@dlapiper.com
File No.: 013875-00002

CONSENT TO ACT AS RECEIVER

MNP Ltd. does hereby consent to its appointment as Court-appointed Receiver or Receiver and Manager, of all of the property, assets, and undertakings of Jasper Summerlea Shopping Center Ltd., should this Honourable Court grant an Order so appointing it substantially in the form as the Draft Order filed in support of the Application of KV Capital Inc.

DATED at Edmonton, Alberta this 7th day of August, 2023.

MNP LTD.

Per: 

Kristin Gray, CPA, CA, CIRP, LIT
Senior Vice-President

31. I make this Affidavit in support of the present Application by KV Capital to appoint MNP Ltd. as receiver manager of Jasper and for no other or improper purpose.

SWORN BEFORE ME at City of Edmonton, in
the Province of Alberta, on the 8th day of
August, 2023.

John Alex MacDonald
A Commissioner for Oaths in and for the
Province of Alberta



COLIN BRENNEIS

John MacDonald
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

This is **Exhibit A** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Alex Mitchell

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit B** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Mac Donald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit C** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit D** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Alex MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit E** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit F** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit G** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit H** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit I** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Allan MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit J** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Allan MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit K** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Alex MacDonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta

This is **Exhibit L** referred to in the Affidavit of COLIN BRENNEIS, sworn before me on this 8th day of August, 2023.

John Alan Macdonald

A Commissioner for Oaths in and for
the Province of Alberta.

John MacDonald
A Commissioner for Oaths/Notary Public
in and for the Province of Alberta