

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

and

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Defendants

**MOTION RECORD
(Volume 1 of 2)**

April 15, 2013

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- TO:** CHRISTODOULOS CHRISTODOULOU
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- TO:** VECTOR FINANCIAL SERVICES LIMITED
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Toronto, ON M5P 1B9
- TO:** AMK MORTGAGES ONTARIO INC.
2171 Avenue Road, Suite 102
Toronto, ON M5M 4B4

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INDEX

TAB	DOCUMENT
1.	Notice of Motion
A.	Schedule "A" – Draft Order
B.	Schedule " B" – Legal Descriptions of the Lands
2.	Affidavit of Noah Mintz sworn April 15, 2013
A.	Copy of PIN for the Property located at 312, 316-318 & 322 North King Street, Waterloo, Ontario
B.	Corporate Profile Report of 1817983 Ontario Ltd.
C.	Corporate Profile Report of Trez Capital Corporation
D.	Corporate Profile Report of Computershare Trust Company of Canada
E.	Copy of Guarantee and Postponement of Claim dated June 11, 2012
F.	Copy of Commitment Letter dated March 2, 2012 and the Amendment Letter dated June 25, 2012

G.	Copy of the Lender's Mortgage Statement dated April 11, 2013
H.	Copy of the Mezzanine Commitment Letter dated May 16, 2012 and the Amendment Letter dated June 25, 2012
I.	Copy of the Mezzanine Loan Mortgage Statement dated April 11, 2013
J.	Copy of the Charge/Mortgage registered as Instrument Number WR696775
K.	Copy of the General Notice of Assignment of Rents registered as Instrument No. WR696776
L.	Copy of the General Security Agreement dated June 11, 2012
M.	Copy of the Lender's PPSA Registration
N.	Copy of the Letter from Robins Appleby & Taub LLP to 1817983 Ontario Ltd. dated September 14, 2012
O.	Copy of the Letter from Robins Appleby & Taub LLP to 1817983 Ltd. dated September 19, 2012
P.	Copy of the Demand Notice dated October 18, 2012
Q.	Copy of the BIA Notice dated October 23, 2012
R.	Copy of the Forbearance Agreement dated November 1, 2012
S.	Copy of the Amended Forbearance Agreement dated November 23, 2012
T.	Copy of the Default Notice dated March 14, 2013
U.	Copy of the Notice of Sale dated March 19, 2013
V.	Copy of the Forbearance Termination Letter dated March 21, 2013
W.	Copy of the Letter from Robins Appleby & Taub LLP to All Subsequent Encumbrancers dated March 21, 2013
X.	Copy of the Appointment Letter dated March 25, 2013
Y.	Copy of the E-mail from Robins Appleby & Taub LLP to Gehl, Gehl LLP dated March 25, 2013
Z.	Copy of the E-mail from Chris Christodoulou to Robins Appleby & Taub LLP dated March 26, 2013

AA.	Copy of the E-mail from Robins Appleby & Taub LLP to Chris Christodoulou dated March 26, 2013
BB.	Copy of E-mail from Gehl, Gehl LLP to Robins Appleby & Taub LLP dated March 26, 2013
CC.	Copy of the Receiver's Memo to File dated March 29, 2013
DD.	Copy of the E-mail from Robins Appleby & Taub LLP to Gehl, Gehl LLP dated March 26, 2013
EE.	Copy of the E-mail Chain between Robins Appleby & Taub LLP and Gehl, Gehl LLP between March 26 and 28, 2013
FF.	Copy of the E-mail from the Receiver to Chris Christodoulou dated March 28, 2013
GG.	Copy of the E-mail from the Receiver to Robins Appleby & Taub LLP dated April 5, 2013
HH.	Copy of the E-mail from the City of Waterloo to the Receiver dated April 11, 2013
II.	Copy of Photographs Taken by the Receiver
JJ.	Copy of the Mortgage in Favour of Vector Financial Services Limited Registered as Instrument No. WR696829
KK.	Copy of the Mortgage in Favour of Vector Financial Services Limited Registered as Instrument No. WR696385
LL.	Copy of the Mortgage in Favour of AKM Mortgages Ontario Inc. Registered as Instrument No. WR697461
MM.	Copy of the Execution Creditor Search dated April 12, 2013
3.	Consent of Ira Smith Trustee & Receiver Inc. to act as Receiver dated April 12, 2013
4.	Draft Order blacklined to Model Order

**ONTARIO
SUPERIOR COURT OF JUSTICE
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Plaintiffs

and

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Defendants

NOTICE OF MOTION

THE PLAINTIFFS, Trez Capital Corporation (“**Trez**”), Trez Capital Limited Partnership (“**TCLP**”) and Computershare Trust Company of Canada (“**Computershare**”) (collectively the “**Lender**”) will make a motion to a Judge at 10:00 am on April 26, 2013 at 330 University Avenue, Toronto, MEG 1E6.

PROPOSED METHOD OF HEARING: The motion is to be heard:

orally.

THE MOTION IS FOR:

- (a) An Order abridging the time for service of the Notice of Motion and the Motion Record herein and dispensing with further service thereof;
- (b) An Order appointing Ira Smith Trustee & Receiver Inc. (the “**Receiver**”) as the receiver and manager in respect of all assets, undertakings and properties of 1817983

Ontario Ltd. (the "**Borrower**") pursuant to Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C43, as amended (the "**CJA**") substantially in the form attached as Schedule "A"; and

- (c) such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

1. The Borrower is an Ontario corporation with its head office located at 1 Queen Street North, Kitchener, Ontario. The Borrower is the registered owner of those lands and premises located at 312, 316-318 & 322 King Street North, Waterloo, Ontario, as described in Schedule "B" (the "**Property**").

2. Trez is a British Columbia corporation that carries on business in Ontario as a commercial mortgage lender. Trez has an office located in Toronto, Ontario.

3. TCLP is a limited partnership that also carries on business as a commercial mortgage lender. TCLP is a related entity of Trez and operates in the same office located in Toronto, Ontario.

4. Computershare is a Canadian company with an office located in Toronto, Ontario. Computershare is the largest corporate trust service provider in Canada and is registered with the Office of the Superintendent of Financial Institutions Canada. Computershare holds the First Mortgage (defined below) and Second Mortgage (defined below) that are registered on title to the Property as the agent and custodian for Trez and TCLP.

5. The Property is comprised of a 10 storey, 119 room student residence apartment building (the "**Apartment Building**") together with adjoining vacant land wherein the

Borrower had planned to build a new 200 room student residence apartment building (the "**Project**"). The Apartment Building is filled primarily with university students who pay rent to the Borrower as landlord. The Borrower has not commenced any significant construction on the Project.

6. Pursuant to the terms of a Commitment Letter dated March 2, 2012, as amended by letter, dated June 25, 2012 (collectively the "**Commitment**"), the Lender agreed to loan the principal sum of \$18,400,000.00 to the Borrower (the "**Loan**"). The purpose of the Loan was to discharge existing financing on the Apartment Building and to finance the construction of the Project.

7. The Lender advanced \$7,194,480.91 on the Loan to the Borrower in 3 separate instalments dated June 25, 2012, November 7, 2012 and January 16, 2013.

8. As security for its indebtedness and obligations to the Lender under the Loan, the Borrower delivered the following security, without limitation, to the Lender:

- a. Charge/Mortgage in the amount of \$18,492,000.00 registered on title of the Property as instrument number WR696775 (the "**First Mortgage**");
 - b. General Notice of Assignment of Rents registered on title to the Property as instrument number WR696776 (the "**Assignment of Rents**"); and
 - c. General Security Agreement dated June 11, 2012 (the "**GSA**").
- (collectively the "**Security**")

9. The Lender made a registration pursuant to the *Personal Property Security Act* (the "**PPSA**") with respect to all security relating to the Property. The Lender also made a further PPSA registration with respect to the Mezzanine Loan (defined below). There are

no PPSA registrations against the Borrower that were registered prior to the PPSA registrations of the Lender.

10. The Defendant, Christodoulos Christodoulou (the "**Guarantor**"), also provided the Lender an unlimited guarantee in respect of all monies secured Security by way of Guarantee and Postponement of Claim dated June 11, 2012 (the "**Guarantee**").

11. Pursuant to the terms of a Commitment Letter, dated May 16, 2012, as amended by amendment letter, dated June 25, 2012 (collectively the "**Mezzanine Commitment**"), the Lender agreed to further loan the principal sum of \$3,135,000.00 to the Borrower (the "**Mezzanine Loan**"). The purpose of the Mezzanine Loan was to provide the Borrower with funds for hard and soft costs relating to the construction of the Project. The full amount of the Mezzanine Loan was advanced to the Borrower. The Mezzanine Loan includes an interest reserve of \$1,125,000.00 to be drawn upon to pay the monthly interest owing for the term of the Mezzanine Loan, which expires on February 7, 2014.

12. The Borrower is in default of the Loan but is not in monetary default of the Mezzanine Loan as the above noted interest reserve is sufficient for the Borrower to continue to make its monthly interest payments.

13. As of April 11, 2013, the Borrower owed the Lender \$7,486,602.70 on the Loan, plus the fees and expenses that have been incurred by the Lender in the private receivership (described below) to date. The Lender has not yet added the Receiver's fees to the indebtedness as the Receiver has not yet provided an invoice to the Lender for these services.

Subsequent Encumbrancers

14. Set out below is a summary of the charges that are registered against the Property, and the corresponding ranking priority:

Creditor	Instrument Number	Amount of Charge Against the Property
Computershare	WR696775	\$18,492,000.00
Computershare	WR696777	\$3,285,000.00
Vector Financial Services Limited (“ Vector ”)	WR696829	\$300,000.00
Vector	WR696385	\$1,625,000.00
AMK Mortgages Ontario Inc. (“ AMK ”)	WR697461	\$200,000.00

15. Aside from the Lender’s PPSA registrations, the only other subsequent PPSA registration against the Borrower was registered by Vector.

16. As of April 12, 2013, the Borrower did not have any execution creditors. There are also no construction liens registered against the Property.

Default Background

17. In or around September 2012, the Borrower first defaulted on its obligations under the Loan. On October 7, 2012, the Borrower failed to make its monthly interest payment on the Loan. Accordingly, the Lender demanded repayment of the Loan by letter dated, October 18, 2012 (the “**Demand Notice**”). The Demand Notice made clear that if

the full amount of the Loan was not repaid by October 29, 2012, that the Lender would take the appropriate steps to appoint a receiver and sell the Property.

18. The Lender served a Notice of Intention to Enforce Security pursuant to the provisions of the *Bankruptcy and Insolvency Act* on October 23, 2012 (the "**BIA Notice**").

The Forbearance Agreement and the Amended Forbearance Agreement

19. Following negotiations, the Lender and the Borrower entered into the Forbearance Agreement dated November 1, 2012 (the "**Forbearance Agreement**"). Pursuant to Article 1 of the Forbearance Agreement, the Borrower and Guarantor, *inter alia*:

- a. acknowledged that the Borrower was in default of its obligations owing to the Lender as set out in the Demand Notice;
- b. acknowledged that the Borrower owed the Lender \$6,847,623.03 on the Loan as at October 18, 2012; and
- c. acknowledged that the Lender was entitled to terminate the Loan and that the Lender's security, including the Guarantee and its right to appoint a receiver, was valid and enforceable.

20. Article 5.1 of the Forbearance Agreement provides the consent of the Borrower and Guarantor to a Court appointed receiver. Article 5.1 of the Forbearance states that in the event of the Borrower's default:

the Lender may enforce its rights to seek immediate repayment of the Loan pursuant to the Demand Notice, including immediately terminating this Agreement, exercising any and all rights under the Security held by it without further notice to the Borrower or Guarantor. In particular, without limiting the generality of the foregoing, the Lender may immediately in any of such events appoint a private receiver and manager (the "**Receiver**") as designated by the Lender or seek the appointment of a Receiver by the court on behalf of the Borrower in respect of all assets and undertakings of the Borrower in accordance with the terms of the Security. The Borrower hereby consents to the

appointment of a private or court appointed Receiver and covenants not to take any steps to oppose or interfere with such appointment and to provide all reasonable assistance, access to all books, records, assets and documents of the Borrower to permit such Receiver to properly fulfil its duties.

21. Despite having just entered into the Forbearance Agreement, the Borrower immediately defaulted by failing to enter into a Lender approved fixed price bonded contract for the construction of the Project by November 1, 2012 (the "**Forbearance Default**"). Upon the Forbearance Default, the Lender became unwilling to continue to finance the construction of the Project. Notwithstanding the Lender's right to take enforcement steps, the Lender again agreed to forbear from enforcing its security until April 15, 2013 pursuant to the Amended Forbearance Agreement dated November 23, 2012 (the "**Amended Forbearance Agreement**").

22. The Amended Forbearance Agreement provided, *inter alia*, the Borrower a window to obtain new financing to repay the Loan and Mezzanine Loan by April 15, 2013 (the "**Revised Forbearance Period**"). The Amended Forbearance Agreement provided that all other terms of the Forbearance Agreement, aside from those amended therein, would remain unchanged and in force.

The Borrower Breached the Forbearance Agreement and the Amended Forbearance Agreement and the Subsequent Private Appointment of the Receiver

23. The Borrower breached the terms of the Forbearance Agreement by failing to make the monthly interest payment due on the Loan on March 7, 2013. By letter, dated March 14, 2013, the Lender's lawyer provided the requisite notice to the Borrower that the Lender would rely on all of its rights unless full payment of interest due on March 7, 2013, plus legal fees incurred in relation to the default, was received by March 18, 2013 (the "**Default Notice**"). The Borrower did not cure this default. Accordingly, by letter,

dated March 21, 2013, the Lender's lawyer advised the Borrower and its lawyer that the Lender would exercise its right to appoint a private receiver in respect of all assets and undertakings of the Borrower pursuant to Article 5.1 of the Forbearance Agreement (the "**Forbearance Termination Letter**").

24. By Appointment letter dated March 25, 2013, the Lender appointed the Receiver as a private receiver over all assets and undertakings of the Borrower (the "**Appointment Letter**").

The Borrower's Failure to Co-operate with the Receiver

25. Despite its clear obligation to do so, the Borrower has refused or failed to co-operate with the Receiver. Specifically, the Borrower has failed to deliver to the Receiver possession of the Borrower's books and records, tenant information and existing insurance coverage information for the Apartment Building and the Project.

26. The Borrower also failed to deliver to the Receiver any post dated rent cheques that are in its possession. Further, the Borrower has improperly deposited rent cheques following the appointment of the Receiver, despite having been warned that this would constitute fraudulent conduct. This conduct has interfered with the Receiver's ability to properly collect the rent from the tenants of the Apartment Building that was due on April 1, 2013. The Receiver has advised that if the Borrower continues with this obstruction of the Receiver's activities, that it will be necessary to reconstruct the Borrower's records and possibly create proper documented tenancies where none exist.

The Apartment Building is in a State of Disrepair

27. The Borrower has neglected to maintain the Property, including the Apartment Building, permitting it to disintegrate into a serious state of disrepair. The Receiver has advised that the damage is extensive and that there are immediate safety concerns, including fire dangers.

28. To date, the Receiver has incurred costs to commence bringing the Property back to a safe living environment. The Receiver believes that there will be significant additional costs to bring the Property to a point where it can be sold to obtain maximum recovery.

The Need for a Court Appointed Receiver

29. The Lender brings this motion for the Court appointment of the Receiver in order to maximize the recovery for all of the Borrower's creditors and other stakeholders through a Court supervised repair, marketing and sale process for the Property. This Court supervised process will ensure that the interests of all creditors and other stakeholders of the Borrower are considered with a view of achieving the maximum realization on the Property. This will eliminate any potential dispute regarding expenses incurred to restore the Property and the value ultimately obtained for the Property. Following its Court appointment, the Receiver intends to return to Court with recommendations for the repair and restoration of the Property and how to commence a sale process of the Property.

30. The supervision of the Court is necessary to compel the Borrower to cooperate with the Receiver.

31. The appointment of the Receiver is just and convenient in the circumstances.
32. The Receiver has consented to its Court appointment.
33. The reasons in the Affidavit of Noah Mintz sworn April 15, 2013. (the "**Mintz Affidavit**").
34. Rules 2.03, 3.02 and 41 of the *Rules of Civil Procedure* and section 101 of the CJA.
35. Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

1. The Mintz Affidavit;
2. The consent of Ira Smith Trustee & Receiver Inc. to act as Receiver; and
3. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

April 15, 2013

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Lawyers for the Plaintiffs

SCHEDULE "A"

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE _____)
JUSTICE _____)
DAY OF _____, 2013

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

- and -

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Defendants

ORDER

THIS MOTION made by the Plaintiffs for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Ira Smith Trustee & Receiver Inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of 1817983 Ontario Ltd. (the "**Debtor**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Noah Mintz sworn April 15, 2013 and the Exhibits thereto and on hearing the submissions of counsel for Plaintiffs and counsel for the Defendants, no one appearing and on reading the consent of Ira Smith Trustee & Receiver Inc. to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 101 of the CJA, Ira Smith Trustee & Receiver Inc. is hereby appointed Receiver, without security, of all of lands and premises legally described in Schedule "A" hereto (the "**Lands**") and for the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**"). For greater certainty, Property includes Insurance Policies, Material Contracts, Permits, Personal Property, Plans, Specifications and Securities, as each such term is defined in Schedule "B" hereto.

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary

course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000.00 provided that the aggregate consideration for all such transactions does not exceed \$250,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;

- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data

storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or

with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3., as amended (the "BIA"), and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien or delivery for demand pursuant to section 39 of the Construction Lien Act, R.S.O., 1990, c.C.30, as amended (the "CLA").

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this

Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not

complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

18. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

19. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or

otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "C" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

24. **THIS COURT ORDERS** that notwithstanding paragraphs 20-23 inclusive, and as alternate thereto, the Receiver is hereby authorized to borrow money to fund the exercise of its powers and duties hereunder by way of advances from the Plaintiffs, which advances shall be secured by the Plaintiffs' security on the Property (including without limitation the First Mortgage as defined and attached as an exhibit to the Mintz Affidavit), with the same priority that may attach to such security.

25. **THIS COURT ORDERS** that all funds advanced by the Plaintiffs to the Receiver to fund the exercise of its powers and duties as a private receiver prior to the date of this Order shall be secured by the Plaintiff's security on the Property (including without limitation the First Mortgage as defined and attached as an exhibit to the Mintz Affidavit), with the same priority that may attach to such security.

GENERAL

26. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

30. **THIS COURT ORDERS** that the Plaintiffs and the Receiver and any party who has served a Notice of Appearance, may serve any materials in this proceeding by e-mailing a pdf or other electronic copy of such materials to counsels' e-mail addresses as recorded on the Service List from time to time, in accordance with the e-filing protocol of the Commercial List to the extent practicable.

31. **THIS COURT ORDERS** that the Plaintiffs shall have its costs of this Motion, up to and including entry and service of this Order, as provided for in the Plaintiffs' security.

32. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



SCHEDULE "A"**LEGAL DESCRIPTION OF THE LANDS****PIN No. 22361-0434 (LT)**

1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB. LOT 13 G.C.T, AS IN 1121892, SAVE & EXCEPT PT 2 ON 58R-17380; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418, SAVE & EXCEPT PT 1 ON 58R-17380; SUBJECT TO AN EASEMENT AS IN WR251469; CITY OF WATERLOO

SCHEDULE "B"

DEFINED TERMS

"Construction Agreements" means all construction contracts and subcontracts entered into by or on behalf of the Debtor for the supply of construction services or materials to all improvements constructed on or made to the Lands including, without limitation, all agreements, invoices and other documents related thereto, together with all bonds, guarantees, letters of credit and/or other securities issued with respect to the performance of such Construction Agreements and the supply of all work, labour and materials thereunder.

"Insurance Policies" means all policies of insurance insuring the Lands and the building improvements, fixtures and other properties situate in, on or under the Lands or arising out of the interest of the Debtor in the Lands including, without limitation, policies of insurance for property damage, loss of rental income, business interruptions, theft of property, professional liability, general liability, fire and extended perils and boiler and machinery.

"Material Contracts" means all of the right, title and interest, but not the liabilities, obligations or burdens, of the Debtor in all contracts entered into by or on behalf of the Debtor for the development, servicing and management of any improvements constructed on or made to the Lands including, without limitation, any cost sharing agreements (except Construction Agreements which are expressly excluded herefrom), insurance, Permits and Plans and Specifications and Landmark Sale Agreements including, without limitation, any amendments, extensions, renewals and replacement which have been made to any of them, all proceeds therefrom, all benefits and advantages which now or hereafter may be derived therefrom, all debts, demands, choses in action and claims due, owing, or accruing due to or on behalf of the Debtor therefrom and all books, accounts, invoices, letters, papers, drawings, blueprints, documents, records and data (including hard and soft copies thereof and all forms of magnetic, electronic and other means of data storage) in any way evidencing or relating thereto.

"Permits" means all present and future approvals, licenses, demolition permits, excavation permits, foundation permits, building permits, construction permits and other permits now or hereafter issued or required to be issued by any public or governmental authority in order to permit the construction of improvements to the Lands.

"Personal Property" means all personal property (including, without limitation, each account, chattel paper, document of title, equipment, instrument, intangible, inventory, money, security and goods) owned or acquired by or on behalf of the Debtor or in respect of which the Debtor has any rights and which is now located on, affixed or attached to, placed upon, situate in or on, or which may arise out of, from or in connection with the ownership, use or disposition of, the Lands or any part thereof, including, without limitation, all increases, additions, substitutions, repairs, renewals, replacements, accessions, accretions and any improvements to any such Personal Property and all proceeds and other amounts derived directly or indirectly from any dealings with any such Personal Property.

"Plans and Specifications" means all plans, specifications and drawings for the improvements constructed upon the Lands.

"Securities" means all monies evidenced or represented by certificates of deposit, guaranteed investment certificates or other interest bearing instruments or accounts issued to or registered in the name of the Debtor or its nominee and all renewals thereof and/or substitutions, replacements, additions of alterations thereof.

SCHEDULE "C"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Ira Smith Trustée & Receiver Inc. the receiver (the "**Receiver**") of the assets, undertakings and properties 1817983 Ontario Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the _____ of _____, 2013 (the "**Order**") made in an action having Court file number _____-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the ____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2013

Ira Smith Receiver & Trustee Inc. solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____

Name: _____

Title: _____

SCHEDULE "B"

LEGAL DESCRIPTION OF THE LANDS

PIN No. 22361-0434 (LT)

1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB. LOT 13 G.C.T, AS IN 1121892, SAVE & EXCEPT PT 2 ON 58R-17380; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418, SAVE & EXCEPT PT 1 ON 58R-17380; SUBJECT TO AN EASEMENT AS IN WR251469; CITY OF WATERLOO

Court File No. CV-13-10065-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

and

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Defendants

AFFIDAVIT OF NOAH MINTZ

I, Noah Mintz of the City of Toronto in the province of Ontario, MAKE OATH AND SAY:

1. I am a Vice-President of Lending for the Toronto office of Trez Capital Corporation (“Trez”). I negotiated two separate loans on behalf of Trez, Trez Capital Limited Partnership (“TCLP”) and Computershare Trust Company of Canada (“Computershare”) (collectively the “Lender”) with 1817983 Ontario Ltd. (the “Borrower”). The aforementioned loans, which are described in greater detail below, are the subject matter of this motion.

2. This affidavit is sworn in support of the motion by the Lender for an order appointing Ira Smith Trustee & Receiver Inc. (the “Receiver”) as the receiver and manager in respect of all of

the Borrower's assets and undertakings pursuant to Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c.C43.

The Parties

3. The Borrower is an Ontario corporation with its head office located at 1 Queen Street North, Kitchener, Ontario. The Borrower is the registered owner of those lands and premises located at 312, 316-318 & 322 North King Street, Waterloo, Ontario (the "**Property**"). A copy of the PIN for the Property is attached as **Exhibit "A"** with deleted instruments.

4. To the best of my knowledge the Borrower does not have any full time employees and is operated solely by its principal Christodoulos Christodoulou (the "**Guarantor**"). A copy of the Borrower's corporate profile is attached as **Exhibit "B"**.

5. Trez is a British Columbia corporation that carries on business in Ontario. Trez is one of Canada's largest private commercial mortgage lenders. Trez has an office located in Toronto, Ontario. A copy of Trez's corporate profile is attached as **Exhibit "C"**.

6. TCLP is a related entity of Trez that also carries on business as a commercial mortgage lender. TCLP operates out of Trez's Toronto office.

7. Computershare is a Canadian company with an office located in Toronto, Ontario. Computershare is the largest corporate trust service provider in Canada and is registered with the Office of the Superintendent of Financial Institutions Canada. Computershare holds the First Mortgage (defined below) and Second Mortgage (defined below) that are registered on title to the Property as the agent and custodian for Trez and TCLP. A copy of Computershare's corporate profile is attached as **Exhibit "D"**.

8. The Guarantor is the principal of the Borrower. The Guarantor has provided a personal guarantee of the indebtedness and obligations of the Borrower to the Lender by way of Guarantee and Postponement of Claim dated June 11, 2012 (the "**Guarantee**"). A copy of the Guarantee is attached as **Exhibit "E"**.

The Property

9. The Property is comprised of a 10 storey, 119 room student residence apartment building (the "**Apartment Building**") together with adjoining vacant land wherein the Borrower had planned to build a new 200 room student residence apartment building (the "**Project**"). The Apartment Building is filled primarily with university students who pay rent to the Borrower as landlord. The Borrower has not commenced any significant construction on the Project.

The Indebtedness of the Borrower to the Lender

10. Pursuant to the terms of a Commitment Letter dated March 2, 2012, as amended by letter, dated June 25, 2012 (collectively the "**Commitment**"), the Lender agreed to loan the principal sum of \$18,400,000.00 to the Borrower (the "**Loan**"). The purpose of the Loan was to discharge existing financing on the Apartment Building and to finance the construction of the Project. A copy of the Commitment is attached as **Exhibit "F"**.

11. The Lender advanced \$7,194,480.91 on the Loan to the Borrower in 3 separate instalments dated June 25, 2012, November 7, 2012 and January 16, 2013. A copy of the Lender's Mortgage statement dated April 11, 2013 setting out the 3 separate advances on the Loan is attached as **Exhibit "G"**.

12. Pursuant to the terms of a Commitment Letter, dated May 16, 2012, as amended by amendment letter, dated June 25, 2012 (collectively the “**Mezzanine Commitment**”), the Lender agreed to further loan the principal sum of \$3,135,000.00 to the Borrower (the “**Mezzanine Loan**”). The purpose of the Mezzanine Loan was to provide the Borrower with funds for hard and soft costs relating to the construction of the Project. The full amount of the Mezzanine Loan was advanced to the Borrower. The Mezzanine Loan includes an interest reserve of \$1,125,000.00 to be drawn upon to pay the monthly interest owing for the term of the Mezzanine Loan, which expires on February 7, 2014. A copy of the Mezzanine Commitment is attached as **Exhibit “H”**. A copy of the Mezzanine Loan mortgage statement dated April 11, 2013 is attached as **Exhibit “I”**.

13. The Borrower is in default of the Loan but is not in monetary default of the Mezzanine Loan as the above noted interest reserve is sufficient to fund the Borrower’s monthly interest payments until February 7, 2014.

14. As of April 11, 2013, the Borrower owed the Lender \$7,486,602.70 on the Loan, plus the fees and expenses incurred by the Lender in the private receivership (described below) to date. The Lender has not yet added the Receiver’s fees to the indebtedness as the Receiver has not yet provided an invoice to the Lender for these services. The Borrower’s indebtedness on the Loan is set out in the mortgage statement attached as Exhibit “G” above.

Security Held by the Lender

15. As security for its indebtedness and obligations to the Lender under the Loan, the Borrower delivered the following security, without limitation, to the Lender:

- (a) Charge/Mortgage in the amount of \$18,492,000.00 registered on title of the Property as instrument number WR696775 (the "**First Mortgage**");
 - (b) General Notice of Assignment of Rents registered on title to the Property as instrument number WR696776 (the "**Assignment of Rents**");
 - (c) a General Security Agreement dated June 11, 2012 ("**GSA**"); and
 - (d) the Guarantee.
- (collectively the "**Security**")

Copies of the First Mortgage, Assignment of Rents and GSA are attached as **Exhibit "J"**, **Exhibit "K"** and **Exhibit "L"**.

16. The Mortgage and Assignment of Rents are the first ranking encumbrances against the Property.

17. The Lender effected a registration pursuant to the *Personal Property Security Act* (the "**PPSA**") with respect to all security relating to the Property. The Lender also effected a further PPSA registration with respect to the Mezzanine Loan. There are no PPSA registrations against the Borrower that were registered prior to the PPSA registrations of the Lender. A copy of the Lender's PPSA registration is attached as **Exhibit "M"**.

The Default of the Borrower in the September and October 2012

18. In September 2012, the Borrower defaulted on its obligations owing to the Lender pursuant to the conditions of the Loan and the Security. Notably the Borrower:

- (a) permitted construction liens to be registered on title to the Property;
- (b) failed to make the required payments to keep its insurance policies in good standing;

- (c) caused its then contractor, Sierra Construction Woodstock Limited, to terminate the Debt Service and Cost Overrun Agreement and to suspend work as project manager on the Project; and
- (d) improperly instructed Pelican Woodcliff Inc. to cease work as project monitor on the Project.

The above noted events of default of the terms are documented in the letters from the Lender's lawyers to the Borrower dated September 14, 2012 and September 19, 2012, attached as **Exhibits "N" and "O"**.

19. Despite assurances to the contrary, the Borrower did not cure the above noted events of default and the Loan remained in default for the balance of September and early October. Accordingly, upon further default where the Borrower, *inter alia*, failed to make its monthly interest payment under the Loan for the month of October 2012, the Lender demanded repayment of the Loan by letter dated, October 18, 2012 (the "**Demand Notice**"). The Demand Notice made clear that if the full amount of the Loan was not repaid by October 29, 2012, the Lender would take the appropriate steps to appoint a receiver and sell the Property. A copy of the Demand Notice is attached as **Exhibit "P"**.

20. As a result of the above noted events of defaults, the Lender issued a Notice of Intention to Enforce Security pursuant to the provisions to the *Bankruptcy and Insolvency Act* on October 23, 2012 (the "**BIA Notice**"). A copy of the BIA Notice is attached as **Exhibit "Q"**.

The Forbearance Agreement and the Amended Forbearance Agreement

21. Following negotiations, the Lender and the Borrower entered into the Forbearance Agreement dated November 1, 2012 (the "**Forbearance Agreement**"). Pursuant to the Forbearance Agreement, the Lender agreed to forbear from taking any further steps to enforce

the Security until February 7, 2014 (the "**Forbearance Period**"), on the condition that the Borrower did not default on its obligations therein. A copy of the Forbearance Agreement is attached as **Exhibit "R"**.

22. Pursuant to Article 1 of the Forbearance Agreement, the Borrower and Guarantor, *inter alia*:

- (a) acknowledged that the Borrower was in default of its obligations owing to the Lender as set out in the Demand Notice;
- (b) acknowledged that the Borrower owed the Lender \$6,847,623.03 on the Loan as at October 18, 2012; and
- (c) acknowledged that the Lender was entitled to terminate the Loan and that the Security, including the Guarantee and its right to appoint a receiver and to seek payment from the Borrower and the Guarantor, was valid and enforceable.

23. Pursuant to Article 2.1 of the Forbearance Agreement, the Borrower and Guarantor covenanted, *inter alia*, to:

- (a) enter into a Lender approved fixed price bonded contract with Protrend Arrow Construction Inc. by November 1, 2012 (the "**Fixed Price Contract**") (Article 2.1 (a));
- (b) pay the monthly interest owing on the Loan monthly for the balance of the Forbearance Period (Article 2.1(e)); and
- (c) maintain and preserve the Apartment Building and the Project (Article 2.1 (i)).

24. Article 5.1 of the Forbearance Agreement provides the consent of the Borrower and Guarantor to a Court appointed receiver. Article 5.1 of the Forbearance states that in the event of the Borrower's default:

the Lender may enforce its rights to seek immediate repayment of the Loan pursuant to the Demand Notice, including immediately terminating this Agreement, exercising any and all rights under the Security held by it without further notice to the Borrower or Guarantor. In particular, without limiting the generality of the foregoing, the Lender may immediately in any of such events appoint a private receiver and manager (the "**Receiver**") as designated by the Lender or seek the appointment of a Receiver by the court on behalf of the Borrower in respect of all assets and undertakings of the Borrower in accordance with the terms of the Security. The Borrower hereby consents to the

appointment of a private or court appointed Receiver and covenants not to take any steps to oppose or interfere with such appointment and to provide all reasonable assistance, access to all books, records, assets and documents of the Borrower to permit such Receiver to properly fulfil its duties.

25. Despite having just entered into the Forbearance Agreement, the Borrower immediately defaulted on its terms by failing to enter into the Fixed Price Contract in breach of Article 2.1 (a) of the Forbearance Agreement (the “**Forbearance Default**”). The Forbearance Default constituted a “Forbearance Terminating Event” and allowed the Lender to take the enforcement steps as set out in Article 5.1 of the Forbearance Agreement.

26. Upon the Forbearance Default, the Lender became unwilling to continue to finance the construction of the Project. Notwithstanding the Lender’s clear right to take enforcement steps, the Lender again agreed to forbear from enforcing its security until April 15, 2013 pursuant to the Amended Forbearance Agreement dated November 23, 2012 (the “**Amended Forbearance Agreement**”). A copy of the Amended Forbearance Agreement is attached as **Exhibit “S”**.

27. The Amended Forbearance Agreement, *inter alia*:

- (a) provided the Borrower a window to obtain new financing to repay the Loan and Mezzanine Loan by April 15, 2013 (the “**Revised Forbearance Period**”);
- (b) provided the Borrower incentives to reduce its indebtedness of the Loan and Mezzanine Loan by way of credits and retroactive interest rate reductions;
- (c) allowed the Lender to issue a Notice of Sale for the Property in the event that the Borrower did not provide a signed refinancing commitment to repay the Loan and Mezzanine Loan by March 15, 2013; and
- (d) provided that all other terms of the Forbearance Agreement would remain unchanged and in force.

The Borrower Breached the Forbearance Agreement and the Amended Forbearance Agreement

28. The Borrower breached the terms of the Forbearance Agreement by failing to make its monthly interest payment owing on the Loan on March 7, 2103. By letter dated March 14, 2013, the Lender's lawyer provided the requisite notice that the Lender would rely on all of its rights under the Forbearance Agreement and the Amended Forbearance Agreement unless full payment of the March interest, plus legal fees incurred in relation to the default, was received by March 18, 2013 (the "**Default Notice**"). A copy the Default Notice is attached as **Exhibit "T"**.

29. In the interim, the Lender issued a Notice of Sale for the Property dated March 19, 2013 as contemplated by section 10 of the Amended Forbearance Agreement (the "**Notice of Sale**"). A copy of the Notice of Sale is attached as **Exhibit "U"**.

Appointment of a Private Receiver

30. The Borrower did not cure the default set out in the Default Notice. Accordingly, by letter dated March 21, 2013, the Lender's lawyer advised the Borrower and its lawyer that the Lender withdrew the Notice of Sale and was relying on its right to appoint a private receiver in respect of all assets and undertakings of the Borrower pursuant to Article 5.1 of the Forbearance Agreement (the "**Forbearance Termination Letter**"). A copy of the Forbearance Termination Letter is attached as **Exhibit "V"**.

31. By letter dated March 21, 2013, the Lender wrote to all subsequent encumbrancers of the Property and advised that the Lender had withdrawn the Notice of Sale and that it would appoint a private receiver in respect of all assets and undertakings of the Borrower. A copy of this letter is attached as **Exhibit "W"**.

32. By Appointment letter dated March 25, 2013, the Lender appointed the Receiver as private receiver over the Borrower and the Property (the "**Appointment Letter**"). A copy of the Appointment Letter is attached as **Exhibit "X"**.

The Borrower's Refusal to Cooperate with the Receiver

33. By email dated March 25, 2013, the Lender's lawyer delivered the Appointment Letter to the Borrower's lawyer and requested that he contact him to make immediate arrangements to have the Borrower meet with the Receiver to hand over all the keys, cheques, leases, books, records and other information that was required for the Receiver to conduct its mandate. A copy of this email is attached as **Exhibit "Y"**.

34. By email dated March 26, 2013, the Borrower wrote to the Lender's lawyer and advised *inter alia*, that:

"You will not get my cooperation. My lawyer will advise you soon as possible to what we will do."

A copy of this email is attached as **Exhibit "Z"**.

35. In response to the Borrower's email set out above, the Lender's lawyer wrote to the Borrower and its lawyer and stated, *inter alia*:

We have appointed a Receiver in respect of all assets and undertakings of the Borrower as contemplated and consented to in the Forbearance Agreement and the Amended Forbearance Agreement. This includes operating the existing apartment building and collecting the tenants' rent.

Mr. Christodoulou's email states that Trez should collect the rent ourselves and that Borrower will not cooperate. We point out that pursuant to the Forbearance Agreement and Amended Forbearance Agreement, the Borrower has agreed not to interfere and to provide all reasonable assistance, access to all books, records, assets and documents of the Borrower to permit such Receiver to properly fulfill its duties.

In light of this obligation and the Borrower's offer to have the Receiver collect rent directly from the tenants, please provide the Receiver with the keys, books and records including leases, rent

roll, post dated cheques on hand so that the Receiver can fulfill its mandate. If the Borrower continues to refuse to cooperate, Trez will be required to take further steps to ensure that the Receiver is able to fulfill its duties. This will result in unnecessary increased costs.

I would also point out that Mr. Christodoulou has provided a personal guarantee and accordingly avoiding any unnecessary costs appears to be in his interest.

A copy of this email is attached as **Exhibit "AA"**.

36. The Borrower's lawyer subsequently advised that the Borrower would cooperate with the Receiver by email dated March 26, 2013. A copy of this email is attached as **Exhibit "BB"**.

37. The Receiver attended the Borrower's head office during the morning of March 26, 2013.

I am advised by the Receiver and verily believe that:

- (a) at this meeting the Borrower referred to its lawyer's email that stated that he would cooperate with the Receiver. When asked whether the Borrower had a rent roll and the relevant books and records, the Borrower advised that everything was on site with the property manager at the Apartment Building;
- (b) the Receiver then attended at the Apartment Building to inspect the Property and to obtain the Borrower's rent roll and all of its relevant books and records. Despite its earlier assurances of the Borrower, the Borrower's property manager advised that it did not have this information and could not provide it to the Receiver; and
- (c) the Receiver found that the Apartment Building in a state of disrepair, which will be described in greater detail below.

A copy of the Receiver's memo to file dated March 29, 2013 documenting this meeting with the Borrower and its inspection of the Property (the "**Receiver's Memo**") is attached as **Exhibit "CC"**.

38. Upon being advised of the Borrower's refusal to cooperate and its apparent complete lack of books and records, the Lender's lawyer wrote to the Borrower's lawyer and stated, *inter alia*, that the Borrower was obstructing the Receiver from carrying out its mandate. The Lender's

lawyer requested that the Borrower's lawyer contact him as soon as possible. A copy of this email is attached as **Exhibit "DD"**.

39. The Borrower's lawyer did not respond to the Lender's email dated March 26, 2013. Accordingly, by email dated March 28, 2013, the Lender's lawyer wrote to the Borrower's lawyer and advised:

You continue to ignore my emails and phone calls. I recognize that you may be busy, but this matter is important and your refusal to properly deal with it is completely inappropriate.

As I have previously advised, your client has failed to provide the Receiver possession of the company's books and records, tenant information and existing insurance coverage information. Your client has also refused to deliver any post dated cheques in its possession. This is in the face of the fact that the Receiver is advised by tenants of the building that they pay rent by way of post dated cheques.

There is a legitimate concern that your client will deposit these cheques and take the rent money that should rightfully be paid to the Receiver. Accordingly, we reiterate our demand that your client deliver the above noted information and post dated cheques to the Receiver immediately. Please note that depositing any post dated cheques would be fraudulent conduct that would carry serious consequences to both 1817983 Ontario Ltd. and to Mr. Christodoulou personally.

We have not sent this email to your client as we have been advised by your client that we should communicate only with you. We trust that you will bring this to his attention. If you are no longer acting for your client, please advise by 5:00 pm today.

I am advised by the Lender's lawyer that the Borrower's lawyer's office subsequently advised that he was on vacation for the Easter long weekend. A copy of this email chain is attached at **Exhibit "EE"**.

40. Upon being advised that the Borrower's lawyer was on holiday, the Receiver wrote directly to the Borrower by email dated March 28, 2013, and requested its immediate cooperation. The Receiver also forwarded along the Lender's lawyer's email dated March 28, 2013 to ensure that the Borrower was aware of the consequences of depositing post-dated cheques and refusing to cooperate with the Receiver. I am advised by the Receiver and verily

believe that the Borrower did not respond to this email and continues to ignore and refuse to cooperate with the Receiver. A copy of this email is attached at **Exhibit "FF"**.

41. I am advised by the Receiver and verily believe that despite the clear warning that depositing post-dated cheques would constitute fraudulent conduct, the Borrower has improperly attempted, and in one case succeeded, in depositing a tenant's cheque for April rent after the Receiver was appointed. A copy of an email dated April 5, 2013 from the Receiver to the Lender's lawyer explaining the Borrower's conduct is attached as **Exhibit "GG"**.

42. As a result of the Borrower's refusal to cooperate with the Receiver, the Receiver has advised in the conclusion of the Receiver's Memo, that it will be necessary to reconstruct the Borrower's records and possibly create proper documented tenancies where none exist. This opinion is set out in the last paragraph at page 6 of the Receiver's Memo.

The Apartment Building is In a State of Disrepair

43. The Borrower has neglected to maintain the Property, including the Apartment Building, permitting it to disintegrate into a serious state of disrepair. I visited the Apartment Building with the Receiver on March 28, 2013 and can confirm that the damage is extensive and that there are immediate safety concerns, including fire dangers.

44. A City of Waterloo (the "**City**") building official has contacted the Receiver and advised that the current state of the Property does not meet the requirements of the building, site plan, zoning and engineering approvals for the original development of the Project. The City has also advised that the site and building must be returned to a finished state to meet the original

occupancy conditions as soon as possible to ensure public safety. A copy of the email from the City to the Receiver dated April 11, 2103 is attached as **Exhibit “HH”**.

45. In addition to the City’s concerns, the Receiver has documented the following issues that require immediate attention and repair:

- (a) grading issues causing erosion and potential damage to neighbouring properties;
- (b) installation of proper safety fencing around Project worksite;
- (c) structural repairs and concrete restoration to parking garage;
- (d) extensive water damage to ceilings of penthouse unit;
- (e) significant water damage to roof of the Apartment Building;
- (f) inoperable elevators caused by significant flooding in elevator shaft;
- (g) broken security lock allowing uncontrolled access to the lobby;
- (h) various deficiency notices from the fire department;
- (i) various electrical and plumbing issues; and
- (j) overall dirtiness and trash build up in the Apartment and Project worksite.

The state of disrepair of the Property is described in detail in the Receiver’s Memo. A series of photographs that demonstrate the current state disrepair and problem areas identified by the Receiver are attached as **Exhibit “II”**.

46. To date, the Receiver has incurred costs to commence bringing the Property back to a safe living environment. I am advised by the Receiver and verily believe that the Receiver believes that there will be significant additional costs to bring the Property to a point where it can be sold to obtain maximum recovery. The Receiver does not yet know the extent of these additional costs.

Subsequent Encumbrancers

47. According to the PIN, set out below is a summary of the charges that are registered against the Property, and the corresponding ranking priority:

Creditor	Instrument Number	Amount of Charge Against the Property
Computershare	WR696775	\$18,492,000.00
Computershare	WR696777	\$3,285,000.00
Vector Financial Services Limited ("Vector")	WR696829	\$300,000.00
Vector	WR696385	\$1,625,000.00
AMK Mortgages Ontario Inc. ("AMK")	WR697461	\$200,000.00

Copies of the mortgages in favour of Vector and AMK are attached as **Exhibit "JJ"**, **Exhibit "KK"** and **Exhibit "LL"**.

48. Aside from the Lender's PPSA registrations, the only other subsequent PPSA registration against the Borrower was registered by Vector. Vector's PPSA registration is set out at Exhibit "K" above.

49. As of April 12, 2013, the Borrower did not have any execution creditors. According to the PIN, there are also no construction liens registered against the Property. A copy of the execution creditor search dated April 12, 2013 is attached as **Exhibit "II"**.

The Need for a Court Appointed Receiver

50. I believe that a Court appointed receiver is necessary as a Court supervised process will ensure that the interests of all creditors and other stakeholders of the Borrower are considered with a view of achieving the maximum realization on the Property. This will eliminate any potential dispute regarding management of the Property, including expenses incurred to restore the Property and the value ultimately obtained on the sale of the Property. Following its Court appointment, the Receiver intends to return to Court with recommendations for the repair and management of the Property and the conduct of the sale of the Property.

51. Further, in light of the Borrower's conduct described above, I believe that the supervision of the Court is necessary to compel the Borrower to cooperate with the Receiver.

52. The proposed order appointing the Receiver permits the Receiver to borrow funds from the Lender for the purpose of financing the receivership, including the fees and expenses incurred during the private receivership. These borrowings will be secured by the Receiver's certificates to be issued by the Receiver or by the security held by the Lender upon the Property.

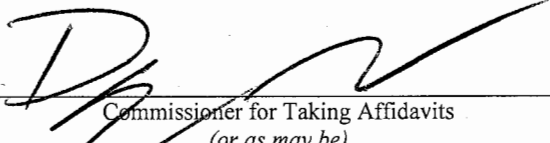
Notice to Interested Parties

53. The Lender has provided notice of this motion to:

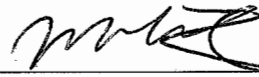
- (a) the Borrower;
- (b) the Guarantor;
- (c) all parties with an interest in the Property as disclosed by the parcel register attached as Exhibit "A" above; and
- (d) all parties with registrations against the Borrower pursuant to the provisions of the PPSA.

As there are no construction lien claimants, execution creditors or any other known creditors of the Borrower, the Lender has not provided notice of this motion to any other party.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario, on the
15th day of April, 2013.



Commissioner for Taking Affidavits
(or as may be)
DOMINIQUE MICHAUD



NOAH MINTZ

DOMINIQUE MICHAUD
Barrister & Solicitor
A Notary Public and Commissioner of Oaths
in and for the Province of Ontario, Canada

THIS IS **EXHIBIT "A"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A/Commissioner, Notary, Etc.
DOMINIQUE MICHAUD



LAND REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #58

22361-0434 (LT)

PAGE 1 OF 3
PREPARED FOR KRYAN123
ON 2013/04/15 AT 11:45:08

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

PROPERTY DESCRIPTION.
1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB.LOT 13 G.C.T., AS IN 1121892, SAVE & EXCEPT PT 2 ON 58R-17380; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418, SAVE & EXCEPT PT 1 ON 58R-17380; SUBJECT TO AN EASEMENT AS IN WR251469; CITY OF WATERLOO

PROPERTY REMARKS:
RECENTLY.
ESTATE/QUALIFIER.
FEE SIMPLE
LT CONVERSION QUALIFIED
OWNERS' NAMES
1817983 ONTARIO LTD.
CAPACITY SHARE
ROMN
PIN CREATION DATE.
2012/07/23

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE: 2012/07/23 **						
**SUBJECT,	ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:					
**	SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *					
**	AND ESCHEATS OR FORFEITURE TO THE CROWN.					
**	THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF					
**	IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY					
**	CONVENTION.					
**	ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.					
**DATE OF CONVERSION TO LAND TITLES: 2002/11/18 **						
58R15301	2006/03/14	PLAN REFERENCE				C
WR240530	2006/08/25	NOTICE	\$1	THE CORPORATION OF THE CITY OF WATERLOO		C
WR251469	2006/10/12	TRANSFER EASEMENT	\$2	A & M APARTMENTS LTD.	ROGERS CABLE COMMUNICATIONS INC.	C
WR464000	2009/05/28	NOTICE OF LEASE		COINAMATIC CANADA INC.		C
WR514262	2010/01/11	APL CONSOLIDATE		RM316 KING ST. INC.		C
WR621934	2011/06/23	TRANSFER	\$8,500,000	RM316 KING ST. INC.	1817983 ONTARIO LTD.	C
REMARKS: PLANNING ACT STATEMENTS						
58R17380	2012/01/24	PLAN REFERENCE				C
WR696775	2012/06/25	CHARGE	\$18,492,000	1817983 ONTARIO LTD.	COMPUTERSHARE TRUST COMPANY OF CANADA	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

22361-0434 (LT)

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

REG. NOM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRD
WR696776	2012/06/25 REMARKS: WR696775	NO ASSGN RENT GEN		1817983 ONTARIO LTD.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
WR696777	2012/06/25	CHARGE	\$3,285,000	1817983 ONTARIO LTD.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
WR696778	2012/06/25 REMARKS: WR696777	NO ASSGN RENT GEN		1817983 ONTARIO LTD.	COMPUTERSHARE TRUST COMPANY OF CANADA	C
WR696829	2012/06/25	CHARGE	\$300,000	1817983 ONTARIO LTD.	VECTOR FINANCIAL SERVICES LIMITED	C
WR696830	2012/06/25 REMARKS: WR696829	NO ASSGN RENT GEN		1817983 ONTARIO LTD.	VECTOR FINANCIAL SERVICES LIMITED	C
WR696835	2012/06/25	CHARGE	\$1,625,000	1384934 ONTARIO INC. 1817983 ONTARIO LTD.	VECTOR FINANCIAL SERVICES LIMITED	C
WR696836	2012/06/25 REMARKS: WR696835	NO ASSGN RENT GEN		1384934 ONTARIO INC. 1817983 ONTARIO LTD.	VECTOR FINANCIAL SERVICES LIMITED	C
WR697461	2012/06/27	CHARGE	\$200,000	1817983 ONTARIO LTD.	AMK MORTGAGES ONTARIO INC.	C
WR707557	2012/08/14	NOTICE	\$2	THE CORPORATION OF THE CITY OF WATERLOO	1817983 ONTARIO LTD.	C
WR707558	2012/08/14 REMARKS: WR696775 TO WR707557	POSTPONEMENT		COMPUTERSHARE TRUST COMPANY OF CANADA	THE CORPORATION OF THE CITY OF WATERLOO	C
WR707559	2012/08/14 REMARKS: WR696777 TO WR707557	POSTPONEMENT		COMPUTERSHARE TRUST COMPANY OF CANADA	THE CORPORATION OF THE CITY OF WATERLOO	C
WR707560	2012/08/14 REMARKS: WR696829 TO WR707557	POSTPONEMENT		VECTOR FINANCIAL SERVICES LIMITED	THE CORPORATION OF THE CITY OF WATERLOO	C
WR707561	2012/08/14 REMARKS: WR696835 TO WR707557	POSTPONEMENT		VECTOR FINANCIAL SERVICES LIMITED	THE CORPORATION OF THE CITY OF WATERLOO	C
WR707562	2012/08/14 REMARKS: WR697461 TO WR707557	POSTPONEMENT		AMK MORTGAGES ONTARIO INC.	THE CORPORATION OF THE CITY OF WATERLOO	C
WR712495	2012/09/06	CONSTRUCTION LIEN		*** COMPLETELY DELETED ***		

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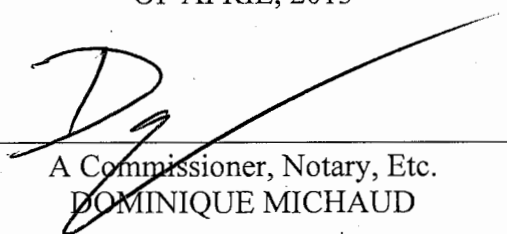
22361-0434 (LT)

PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER
 * CERTIFIED BY LAND REGISTRAR IN ACCORDANCE WITH LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHRD
WR713907	2012/09/14	CONSTRUCTION LIEN		RAMSEYER EARTHWORKS, A DIVISION OF RAMSEYER TRUCKING LIMITED		
WR714259	2012/09/17	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** SIERRA CONSTRUCTION (WOODSTOCK) LIMITED		
WR717969	2012/10/04	CONSTRUCTION LIEN		*** COMPLETELY DELETED *** EMCAD CONSULTING ENGINEERS (1995) INC.		
WR720599	2012/10/19	CERTIFICATE		*** COMPLETELY DELETED *** MTE CONSULTANTS INC.		
			REMARKS: RE: WR712495			
WR720886	2012/10/23	CERTIFICATE		*** COMPLETELY DELETED *** SIERRA CONSTRUCTION (WOODSTOCK) LIMITED		
			REMARKS: WR713907			
WR722539	2012/10/31	CERTIFICATE		*** COMPLETELY DELETED *** EMCAD CONSULTING ENGINEERS (1995) INC.		
			REMARKS: CERT. OF ACTION WR714259			
WR727483	2012/11/27	CERTIFICATE		*** COMPLETELY DELETED *** MTE CONSULTANTS INC.		
			REMARKS: CERTIFICATE OF ACTION WR717969			
WR729320	2012/12/05	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** RAMSEYER EARTHWORKS, A DIVISION OF RAMSEYER TRUCKING LIMITED		
			REMARKS: WR712495. WR720599			
WR730542	2012/12/13	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** EMCAD CONSULTING ENGINEERS (1995) INC.		
			REMARKS: WR714259.			
WR732511	2012/12/21	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** 1817983 ONTARIO LTD.		
			REMARKS: WR713907.			
WR734227	2013/01/09	DIS CONSTRUCT LIEN		*** COMPLETELY DELETED *** MTE CONSULTANTS INC.		
			REMARKS: WR717969. WR727483			

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
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THIS IS **EXHIBIT "B"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Request ID: 015207691
 Transaction ID: 50472658
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2013/04/02
 Time Report Produced: 09:34:42
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1817983	1817983 ONTARIO LTD.	2010/07/19
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
1 QUEEN ST NORTH		NOT APPLICABLE
Suite # 200		Amalgamation Ind.
KITCHENER		NOT APPLICABLE
ONTARIO		New Amal. Number
CANADA N2H 2G7		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
Mailing Address		Letter Date
1 QUEEN ST NORTH		NOT APPLICABLE
Suite # 200		Revival Date
KITCHENER		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA N2H 2G7		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced in Ontario
	Minimum Maximum	NOT APPLICABLE
	00001 00010	Date Ceased in Ontario
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		

Request ID: 015207691
Transaction ID: 50472658
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/04/02
Time Report Produced: 09:34:42
Page: 2

53

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1817983	1817983 ONTARIO LTD.

Corporate Name History	Effective Date
1817983 ONTARIO LTD.	2010/07/19

Current Business Name(s) Exist:	YES
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
CHRIS CHRISTODOULOU	1 QUEEN ST NORTH Suite # 200 KITCHENER ONTARIO CANADA N2H 2G7

Date Began	First Director	Resident Canadian
2010/07/19	NOT APPLICABLE	
Designation	Officer Type	
DIRECTOR		Y

Request ID: 015207691
Transaction ID: 50472658
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Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/04/02
Time Report Produced: 09:34:42
Page: 3

54

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1817983

1817983 ONTARIO LTD.

Last Document Recorded

Act/Code Description

Form

Date

CIA INITIAL RETURN

1

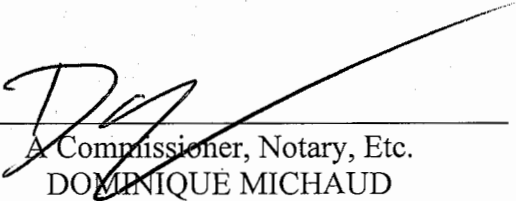
2011/05/03

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

THIS IS **EXHIBIT "C"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Request ID: 015207945
Transaction ID: 50473335
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/04/02
Time Report Produced: 09:54:59
Page: 1

56

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1704016	TREZ CAPITAL CORPORATION	1997/07/15
		Jurisdiction
		BR COLUMBIA
Corporation Type	Corporation Status	Former Jurisdiction
EP DOMESTIC WITH SHARE	REFER TO JURISDICTION	NOT APPLICABLE
Registered or Head Office Address	Date Amalgamated	Amalgamation Ind.
1185 WEST GEORGIA STREET	NOT APPLICABLE	NOT APPLICABLE
Suite # 1550 VANCOUVER BRITISH COLUMBIA CANADA V6E 4E6	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Principal Place of Business in Ontario		Letter Date
67 YONGE STREET		NOT APPLICABLE
Suite # 1102 TORONTO ONTARIO CANADA M5E 1J8	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	2001/01/05	NOT APPLICABLE
Activity Classification		
NOT AVAILABLE		

Request ID: 015207945
Transaction ID: 50473335
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/04/02
Time Report Produced: 09:54:59
Page: 2

57

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1704016

TREZ CAPITAL CORPORATION

Corporate Name History

REFER TO JURISDICTION

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

Address

BRUCE
ROY

67 YONGE STREET
Suite # 1102
TORONTO
ONTARIO
CANADA M5E 1J8

Date Began

First Director

2005/01/01

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER/MANAGER IN ONT.

NOT APPLICABLE

Request ID: 015207945
Transaction ID: 50473335
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/04/02
Time Report Produced: 09:54:59
Page: 3

58

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1704016

TREZ CAPITAL CORPORATION

Last Document Recorded

Act/Code Description

Form

Date

CIA CHANGE NOTICE

2

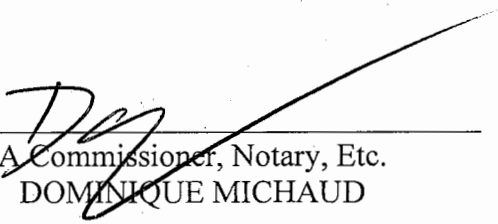
2008/04/03

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

THIS IS **EXHIBIT "D"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013


A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Office of the Superintendent of
Financial Institutions CanadaBureau du surintendant des
institutions financières Canada

Canada

60

Federally Regulated Financial Institutions**Address of the company in Canada**

Computershare Trust Company of Canada
100 University Avenue
11th Floor
Toronto Ontario
M5J 2Y1

Disclaimer: The information in respect to the address and official representative of the company in Canada in this notice has been provided to the Office of the Superintendent of Financial Institutions (OSFI) Canada by the financial institutions referenced. OSFI makes no representation as to the accuracy of that information and assumes no responsibility for any possible errors or omissions in the content. Interested persons may wish to contact the relevant financial institution to verify that the information is accurate.

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Request ID: 015207759
Transaction ID: 50472845
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/04/02
Time Report Produced: 09:40:12
Page: 1

61

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1418718	COMPUTERSHARE TRUST COMPANY OF CANADA SOCIETE DE FIDUCIE COMPUTERSHARE DU CANADA	2000/02/29
		Jurisdiction
		CANADA
Corporation Type	Corporation Status	Former Jurisdiction
FEDERAL CORP WITH SHARE	REFER TO JURISDICTION	NOT APPLICABLE
Registered or Head Office Address	Date Amalgamated	Amalgamation Ind.
100 UNIVERSITY AVENUE 11TH FLOOR	NOT APPLICABLE	NOT APPLICABLE
TORONTO ONTARIO CANADA M5J 2Y1	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Principal Place of Business in Ontario		Letter Date
		NOT APPLICABLE
100 UNIVERSITY AVENUE 11TH FLOOR	Revival Date	Continuation Date
TORONTO ONTARIO CANADA M5J 2Y1	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff. Date	EP Licence Term. Date
	NOT APPLICABLE	NOT APPLICABLE
	Date Commenced in Ontario	Date Ceased in Ontario
	2000/05/25	NOT APPLICABLE
Activity Classification		
NOT AVAILABLE		

Request ID: 015207759
Transaction ID: 50472845
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Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/04/02
Time Report Produced: 09:40:12
Page: 2

62

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1418718

COMPUTERSHARE TRUST COMPANY OF CANADA
SOCIETE DE FIDUCIE COMPUTERSHARE DU CANADA

Corporate Name History

REFER TO JURISDICTION

Current Business Name(s) Exist:

YES

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

Address

REPORTED AS NOT APPLICABLE

Date Began

First Director

NOT APPLICABLE

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

AGENT FOR SERVICE

NOT APPLICABLE

Request ID: 015207759
Transaction ID: 50472845
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2013/04/02
Time Report Produced: 09:40:12
Page: 3

63

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1418718

COMPUTERSHARE TRUST COMPANY OF CANADA
SOCIETE DE FIDUCIE COMPUTERSHARE DU CANADA

Last Document Recorded

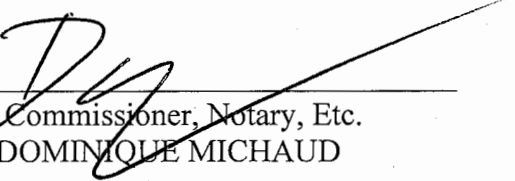
Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	2	2001/03/30

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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THIS IS **EXHIBIT "E"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

GUARANTEE AND POSTPONEMENT OF CLAIM

To: **COMPUTERSHARE TRUST COMPANY OF CANADA**
(the "Lender")

WHEREAS 1817983 Ontario Ltd. (the "Borrower") is the registered owner of an interest in those lands and premises legally described in Schedule "A" attached hereto located at 312, 316 - 318 and 322 North King Street, Waterloo, Ontario (the "Property");

AND WHEREAS the Borrower and the Covenantor entered into a Commitment Letter dated March 2, 2012 (the "Commitment") issued by Trez Capital Corporation on behalf of the Lender, wherein the Lender agreed to loan the principal sum of \$18,492,000.00 on the terms and conditions set out in the Commitment (the "Loan");

AND WHEREAS as security for the Loan, the Borrower has agreed to grant and deliver to the Lender, amongst other things, a first Charge/Mortgage on the Property, securing the Loan together with interest and all costs provided for in the Commitment (the "Charge");

AND WHEREAS the Lender, in consideration for and as a condition of proceeding with the Loan, pursuant to the terms of the Commitment, required CHRISTODOULOS CHRISTODOULOU (the "Covenantor") to provide his unlimited guarantee in respect of the repayment of all monies secured by the Charge;

AND WHEREAS this Guarantee and Postponement of Claim is being provided by the Covenantor in accordance with the terms of the Commitment;

NOW THEREFORE WITNESSETH in consideration of the sum of Two Dollars (\$2.00) now paid by the Lender to the undersigned (the receipt and sufficiency of which is hereby acknowledged) and the Lender advancing the principal money secured or any part thereof by the Charge to the Borrower on the terms and conditions set out in the Commitment and pursuant to the Charge, the said Covenantor hereby irrevocably, absolutely and unconditionally, as principal debtor and not as surety, guarantee to the Lender the due and punctual payment by the Borrower of all principal monies, interest and any other monies which may now or hereafter become due and owing under the terms of the Charge and the observance and performance by the Borrower of all of the covenants and obligations contained therein and the said Covenantor for himself, his executors, administrators, successors and assigns covenants with the Lender that if the Borrower shall at any time make default in the punctual payment of any monies payable under the Charge or fail to observe and perform any of the covenants and obligations contained therein or in the Commitment, he will pay all such monies to the Lender or perform any of the covenants and obligations of the Borrower forthwith after demand having been made in accordance with the notice provisions contained herein and agrees to indemnify the Lender against all losses, damages, costs, charges and expenses the Lender may at any time or from time to time suffer, incur or become liable of in connection with resulting from or occasioned by any breach by the Borrower of any provisions contained in the Charge. The Covenantor's liability hereunder shall bear interest from the date of such demand at the rate of interest set out in the Charge.

The Covenantor further acknowledges and agrees with the Lender as follows:

1. The Lender may grant time, renewals, extensions, indulgences, releases and discharge or take additional security from and give up the same in any or all of the security it is receiving from the Borrower, abstain from taking any enforcement proceedings it may be entitled to and otherwise deal with the Borrower and others as the Lender may see fit, including entering into any renewal agreements, extension agreements, amending agreements or dealing with the Charge in any other manner, and may apply all monies at any time received from the Borrower or others upon such part of the obligation of the Borrower as the Lender deems best and change any such application in whole or in part, without in any way limiting or lessening the liabilities of the Covenantor to the Lender.
2. The Lender shall not be bound to exhaust its recourse against the Property, the Borrower or other covenantor/guarantor or to value the security under the Charge or any collateral security before requiring or being entitled to payment from the Covenantor. Provided it is understood and agreed any funds payable pursuant to this covenant to the Lender shall be applied by the Lender upon receipt of such funds to amounts due and payable under the Charge.

3. No change or extension of time or other indulgence or release of the Borrower or anyone claiming through the Borrower, either before or after demand or claim against the Covenantor or any arrangement or other dealing by the Lender with the Borrower or any other person, either before or after demand or claim against the Covenantor, or the bankruptcy or insolvency of the Borrower, or the release, exchange, acceptance or failure to perfect by the Lender of any security, either before or after demand or claim against the Covenantor, shall in any way release, waive, vary, affect or prejudice the rights of the Borrower against the Covenantor, notwithstanding the Lender may not give notice thereof to the Covenantor and the Covenantor hereby waives, to the maximum extent permitted by law, any requirement of notice, demand or prior action against the Borrower or any other security and hereby renounces all benefits of discussions and division.
4. All indebtedness and liability, present and future, of the Borrower to the Covenantor as well as any indebtedness or liability for amounts advanced by the Covenantor on behalf of any other covenantor or guarantor of the Charge are hereby assigned to the Lender and postponed to the obligations contained in the Charge, and after the occurrence and during the continuance of any material default pursuant to the terms of the Commitment, and pursuant to the terms of any other charges or mortgages that are currently or in the future may be registered on title to the Property or relating to any other obligations including, but not limited to, the payment of realty taxes, goods and services tax and workmen's compensation premiums in respect of the Property, all monies received by the Covenantor in respect thereof shall be received in trust for the Lender and shall be paid over to the Lender upon demand without in any way limiting or lessening the obligations imposed on the Covenantor and this assignment and postponement shall remain in full effect until repayment in full to the Lender of all amounts secured by the Charge. At all other times, the Covenantor shall be entitled to receipt of all other amounts payable to the Covenantor from the Borrower from time to time. The Covenantor acknowledges the assignment to the Lender shall not impose upon the Lender any obligation to do anything to realize on the assigned debts and claims or to ensure those debts or claims do not become statute barred by the operation of law relating to limitation of actions or otherwise.
5. The Covenantor shall have no right to be subrogated to the rights of the Lender until all liabilities and obligations of the Borrower and the Covenantor to the Lender have been satisfied in full in respect of the Charge.
6. The covenants of the Covenantor shall continue for the full term of the Charge and any renewal thereof unless a release in writing has been authorized by the Lender and shall be binding upon the heirs, executors, administrators, successors and assigns of the Covenantor.
7. The Covenantor agrees to make payment to the Lender forthwith after demand for payment is made in writing.
8. The Covenantor acknowledges that if for any reason the Borrower has no legal existence and is or becomes under no legal obligation to discharge the monies secured by the Charge or if any monies owing by the Borrower to the Lender become irrecoverable from the Borrower by operation of law or for any reason whatsoever, this covenant and the covenants, agreements and obligations of the Covenantor contained herein shall nevertheless be binding upon the Covenantor as principal debtor until such time as all monies owing by the Borrower to the Lender under the Charge have been paid in full and the liabilities secured thereby have been discharged.
9. This covenant shall be in addition to and not in substitution for any other guarantees or other securities which the Lender may now or hereafter hold in respect of the monies secured by the Charge and the Lender shall be under no obligation to marshal in favour of the Covenantor any other covenants or other securities or any monies or other assets which the Lender may be entitled to receive or may have a claim upon; and no loss of or in respect of or unenforceability of any other covenants or other securities the Lender may now or hereafter hold in respect of the monies secured by the Charge.
10. The statement in writing of the Lender of the monies owing by the Borrower to the Lender or of any other default under this Charge shall be binding upon the Covenantor and conclusive against it unless an error has been made and all right to question in any way the Lender's present or future method of dealing with the Borrower or any dealing with any person or persons now or hereafter liable to the Lender for the monies hereby secured or

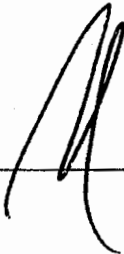
any part thereof or with any security now or hereafter held by the Lender or with any goods or property covered by such security is hereby waived.

The Covenantor agrees that the Lender shall not be obliged to make any demand upon, or take any proceedings, or action against the Borrower or any other person before pursuing its rights against the Covenantor pursuant hereto. In the event the Lender in its absolute discretion makes demand upon the Covenantor, the Covenantor shall be held and be bound to the Lender directly as principal debtor in respect of the payment of the amounts hereby guaranteed. Demand for payment shall be deemed to have been effectively made upon the Covenantor if and when an envelope containing such demand addressed to the Covenantor, at the address of the Covenantor last known to the Lender, is posted, postage prepaid, in the post office. All payments hereunder shall be made to the Lender c/o Trez Capital Corporation, 1185 West Georgia Street, Suite 1550, Vancouver, BC V6E 4E6.

11. The covenants herein may be assigned by the Lender and shall remain in full force and effect notwithstanding any change in the ownership or control of this Charge; provided, however, that there shall be no cost whatsoever to the Covenantor and the Borrower for such assignment by the Lender. In the event of the foregoing the Lender agrees to use its best efforts to ensure notice of the transfer or assignment of the Charge and this covenant is provided, but failure to provide such notice shall not in any way invalidate or terminate the Covenantor's obligations herein.
12. The Covenantor hereby further covenants and agrees in addition to any liability imposed upon the Covenantor in respect of all amounts due and payable under the Charge in respect of the Loan, including any interest due thereunder, any reasonable costs related to the recovering of same by the Lender, the Covenantor shall, in addition to the foregoing, shall be jointly and severally liable for and fully indemnify the Lender, its officers, directors and employees for any and all reasonable costs, expenses, damages or liabilities (including legal fees on a substantial indemnity basis and any reasonable environmental remediation costs) incurred by the Lender, directly or indirectly, arising out of or attributable to the non-compliance of the Borrower or its tenants, employees or agents with the environmental obligations imposed under the Charge, which the Covenantor acknowledges having reviewed, together with all such costs, expenses, damages or liabilities which the Covenantor acknowledges shall be secured under the Charge and all such liabilities and indemnities shall survive the repayment of the Loan, foreclosure upon the Charge and/or any other extinguishment of the obligations of the Borrower and Covenantor and any other exercise by the Lender of any remedies available to it against the Borrower and Covenantor.
13. Prior to executing this Guarantee and Postponement of Claim, the Covenantor confirms and acknowledges being provided with true copies of all documentation provided by the Borrower to the Lender in respect of the Loan and the Charge including, without limiting the generality of the foregoing, the Commitment, the Charge and Standard Charge Terms No. 200033, and the Covenantors confirm they have had the meaning and import of the terms and provisions of these documents explained to him and also had an opportunity to seek independent legal advice separate and apart from the Borrower. The Covenantor further confirms that the Covenantor is fully aware of the nature and effect of this Guarantee and Postponement of Claim and the obligations which arise hereunder in respect of the Charge and their liabilities and rights hereunder and have entered into this Guarantee and Postponement of Claim of its own volition and without fear, threats, compulsion, influence or pressure from the Borrower or any other covenants in respect of the Loan.
14. This instrument covers all agreements between the parties hereto relative to this Guarantee and Postponement of Claim, and none of the parties shall be bound by any representation, warranty or promise made by any person relative thereto which is not embodied herein.
15. This Guarantee and Postponement of Claim shall extend to and enure to the benefit of the Lender and its successors and assigns, and every reference herein to the Covenantor is a reference to and shall be construed as including the undersigned and its administrators, legal representatives, successors and assigns of the undersigned to and upon all of whom this Guarantee and Postponement of Claim shall extend and be binding.

16. This Guarantee and Postponement of Claim shall be governed by the laws of the Province of Ontario.

THE UNDERSIGNED HEREBY executes and delivers this Guarantee and Postponement of Claim as of the 11th day of June, 2012.

Witness 


Christodoulos Christodoulou

Address for Service:
1 Queen Street North
Kitchener, Ontario
N2H 2G7

SCHEDULE "A"LEGAL DESCRIPTIONPIN 22361-0416 (LT):

1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73
SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB.LOT 13 G.C.T.,
AS IN 1121892; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418 SUBJECT TO AN
EASEMENT FOR ENTRY AS IN WR251469 CITY OF WATERLOO

municipally known as 312, 316 - 318 and 322 King Street North, Waterloo, Ontario

THIS IS **EXHIBIT "F"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD



March 2, 2012

1817983 Ontario Ltd.
c/o AMK Mortgages Ontario Inc.
2171 Avenue Road
Suite 102
Toronto Ontario M5M 4B4

Attention: Arthur Kraus

Dear Sir:

RE: 1st mortgage financing in the amount of \$18,400,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Waterloo Student Housing Construction, Loan # 966/12/TO]

We are pleased to advise that we have approved an \$18,400,000 mortgage loan (the "Loan") to 1817983 Ontario Ltd. (the "Borrower") which shall be secured by a first mortgage charge on the Subject Property and Additional Property (collectively "the Properties") (the "Mortgage") on the terms described in this commitment letter (the "Commitment Letter"), which upon execution by the Borrower, Guarantor and Lender shall constitute an agreement which shall bind the Borrower and Guarantor with respect to the Loan. The Loan has been approved subject to the following terms and conditions.

LOAN TERMS

- 1. Lender Trez Capital Corporation or its nominee.
- 2. Borrower 1817983 Ontario Ltd.
- 3. Guarantor The unlimited guarantee of Chris Christodoulou shall be provided for the full Loan Amount outstanding from time to time (the "Guarantor").
- 4. Subject Property Civic Address: 316-318 North King Street, Waterloo, Ontario.
- 5. Additional Property Civic Address: 312-322 North King Street, Waterloo, Ontario.

(the "Subject Property" and the "Additional Property" are collectively, the "Properties")
- 6. Purpose & Use The Loan funds shall be used to assist the Borrower with the refinancing of the Subject Property and providing the Borrower with funds for hard and soft costs relating to the construction of a new 200 room student residence ("Tower B") on the Additional Property. The Loan funds shall at all times be used for this said purpose and for no other purpose, without the prior written consent of the Lender.

- 7. **Expiry of Loan Offer** It is a condition of this Commitment Letter that if the Security is not registered and in place, and the Initial Advance has not occurred on or before April 10, 2012, the Lender shall no longer have any obligation to advance any funds to the Borrower pursuant to the terms of this Commitment Letter. All other terms and conditions of this Commitment Letter shall remain in full force and effect.
- 8. **Loan Amount** \$18,400,000
- 9. **Term** 19 months commencing from the Interest Adjustment Date.
- 10. **Interest Adjustment Date** Shall be the 7th day of the month immediately following the advance of funds, or such other date as shall be determined by the Lender.
- 11. **Interest Rate** Interest shall be charged at the greater of 8% per annum (the "Minimum Rate") and a variable rate per annum (in either case, both before and after maturity, default and judgment) equal to the rate established by the HSBC from time to time as HSBC's prime lending rate for Canadian Dollar Loans ("Prime Rate") plus five per cent (5%) on the outstanding balance of the principal sum owing from time to time for the first 18 months of the Term and 20.0% per annum thereafter. Interest shall be calculated daily and compounded and payable monthly. Overdue interest shall bear interest at the same rate as principal.

Such interest rate shall be set with respect to amounts advanced on the day of each advance and thereafter monthly on the first day of each month. Interest shall be calculated daily on the daily balance outstanding from time to time, before as well as after maturity, default or judgment, from the date of each advance. Such Interest Rate shall be determined upon the basis of a three hundred and sixty-five (365) day year, shall be calculated in accordance with the Lender's usual practice (as to times and methods of calculation) and shall be adjusted automatically without notice to the Borrower.

All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. All interest payable hereunder bears interest from the date of advance of any portion of the Loan to the Lender's solicitor, whether or not such advance of the Loan is released to the Borrower or the Borrower's solicitor.
- 12. **Amortization** n/a. Interest only
- 13. **Interest Budget** \$700,000. The interest budget (the "Interest Budget") represents the maximum amount of interest that the Lender will allow to accrue on the principal Loan Amount outstanding. If at any time during the Term the accrued interest exceeds the Interest Budget, the Borrower must pay the overage to the Lender on the next Monthly Payment. The registered Loan Amount will include the principal amount advanced, as well as the Interest Budget.
- 14. **Monthly 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 7th day of each and every month following the Interest Adjustment Date.

The Borrower shall pay up to the first \$50,000 of each Monthly Payment from it's own resources, with the remainder of the Monthly Payment (if applicable) to be

~~7th~~
7th

- advanced from the Interest Budget until the Interest Budget is exhausted and thereafter the Borrower shall be required to make the Monthly Payments from its own resources. Interest from the date of first Advance until the Interest Adjustment Date shall be deducted from the Initial Advance (as hereinafter defined).
- 15. Commitment Fee** \$368,000 (calculated as 2% of the Loan Amount). The Commitment Fee shall be deemed to be fully earned upon acceptance of this Commitment Letter, and payable on the earlier of the date of initial Advance and the date of expiry of this Commitment Letter.
- 16. Exit Fee** \$92,000 (calculated as 0.5% of the Loan Amount). The Exit Fee shall be deemed to be fully earned upon acceptance of this Commitment Letter, and payable upon repayment of the Loan.
- 17. Broker's Fee** \$280,000 to be deducted from the Initial Advance (as hereinafter defined) under the Loan and paid to AMK Mortgages Ontario Inc.
- 18. Deposit** A non-refundable deposit in the amount of \$12,500 has been received by the Lender and a further non-refundable deposit in the amount of \$12,500 is due and payable to the Lender upon acceptance of this Commitment Letter by the Borrower.
- The Deposit is non-refundable upon the issuance of a Commitment Letter by the Lender, regardless of whether the Borrower accepts the Commitment Letter and the Deposit, less any expenses incurred during the due diligence process, shall be applied towards the Commitment Fee.
- 19. Prepayment** The Borrower, not being in default of the Loan, may at any time after a minimum six (6) months interest has been earned by the Lender and paid to the Lender and after the provision of no less than 30 days written notice, which notice must contain evidence, satisfactory to the Lender, of the source of funds to be used for repayment and must contain a date certain for the repayment ("Date Certain"), repay the whole of the obligations hereby secured hereunder to the Date Certain. Should the repayment be delayed past the Date Certain, a new minimum 30 day written notice must be provided as set out herein. If prepayment occurs prior to the Date Certain, interest must be paid to Date Certain. The Date Certain must be a business day that banks in the Province of British Columbia are open for business.
- 20. Partial Discharges** There shall be no partial discharges permitted.
- 21. Additional Fee(s)**
- Administration Fee:** There shall be an administration fee (the "Administration Fee") of \$300 for each land title document, certificate, confirmation, returned cheque, settlement (other than a payout statement or balance confirmation issued to the Borrower), or similar document required to be issued or executed by the Lender at the Borrower request.
- Inspection Fee:** After the initial site visit, there shall be an inspection fee (the "Inspection Fee") of \$750 for each inspection of the Subject Property done by the Lender. The Inspection Fee shall be in addition to any out of pocket expenses associated with the inspection. The Lender may inspect the Subject Property from time to time and prior to any construction advance.
- Processing Fee:** There shall be a processing fee (the "Processing Fee") of \$500 for each Construction Advance, as well as the Final Advance, or for any advance which is less than the minimum amount set out within the Funding section below.

22. Sources & Uses

Source		Use	
Trez Capital 1 st Mortgage (Initial Advance)	\$7,450,000	Refinance Trez Capital 1 st Mortgage (currently registered on Properties)	\$6,450,000
Trez Capital 1 st Mortgage (Construction Advances)	\$10,950,000	Refinance VTB 2 nd Mortgage (currently registered on Properties)	\$1,000,000
Borrower Cash Equity	\$1,650,000	Hard Construction Costs - Tower B	\$9,900,000
		Soft Costs - Tower B	\$1,332,000
		Lender Commitment Fee	\$368,000
		Interest Budget	\$700,000
		Closing Costs	\$20,000
		Broker Fee	\$280,000
Total	\$20,050,000	Total	\$20,050,000

23. Security

The Loan shall be secured by the following (collectively, the "Security"):

- a) An \$18,400,000 real property mortgage creating a charge in first priority over the Properties.
- b) A guarantee and postponement of claims from the Guarantor, in form and content satisfactory to Trez Capital Corporation and its solicitors.
- c) A completion guarantee, which shall include, but not be limited to (i) Completion of the Additional Property to the satisfaction of the Lender; (ii) the settlement of all liens registered from time to time against the Additional Property; and (iii) the injection of sufficient additional equity in the Additional Property if, at the lender's sole discretion, there exists a cost-overrun.
- d) An assignment of rents, leases, contracts, licenses and offers to purchase in 1st priority.
- e) A pledge of shares of the Borrower in favour of the Lender.
- f) Statutory declaration confirming that the Borrower has a minimum of \$1,650,000 of cash equity invested in the Properties, with such equity to stay in place throughout the term of the Loan.
- g) A general security agreement over all the site-specific present and after-acquired personal property of the Borrower related to the Properties, in 1st Priority.
- h) A full Lender's policy of Title Insurance underwritten by a company satisfactory to the Lender in its sole, unfettered and absolute discretion.
- i) A hazardous substance indemnity from the Borrower and Guarantor on the Properties.

- j) A specific assignment of all the Borrower right, title and interest in, to and under, all material contracts affecting, or with respect to, the Properties as required by the Lender, including without limitation all building and construction contracts, plans, permits, refundable cash deposits and/or letters of credit to the City of Waterloo and insurance policies with respect to the Properties, with all necessary consents of the other parties thereto.
- k) Acknowledgement of the status and terms of any contracts affecting, or with respect to, the Properties, including without limitation, any pertaining to ownership, insurance, shared facilities, passageway agreements or other similar matters specifically, and without limitation, confirming the good standing of such contracts and the rights of the Lender under its Security.
- l) If registered title is held by a nominee or trustee, a Beneficial Owners Agreement by which all beneficial owners charge their respective beneficial interests in the Properties in favour of the Lender and authorize the nominee or trustee to execute all documentation as required pursuant to the Commitment Letter and agree to be bound thereby as if they executed same themselves, provided that any recourse against the beneficial owners pursuant to any covenants contained in such documents shall at all times be limited to the specific obligations as herein or in their guarantees set out and required of them.
- m) If any part of the Subject Property and Additional Property is the object of a lease with the Provincial or Federal Crown as Tenant, the Borrower undertakes to deliver to the Lender, in form and content satisfactory to the Lender, an Absolute Assignment of Crown Debt (rents and other amounts due by the Crown under the lease) executed by the Borrower in favour of the Lender (the "Assignment"), and to deliver such Assignment to the Crown with an Acknowledgement from the Crown and any other documents as contemplated under the provisions of the applicable provincial or federal statutes and regulations.
- n) In the event that the security comprises a leasehold interest or a condominium, then if required by the Lender, an insurance trust agreement to adequately protect the Lender's security in the proceeds of insurance may be required.
- o) Such other security as the Lender or Lender's solicitor may deem necessary, acting reasonably.

**24. Conditions
Precedent to the
Disbursement of
Funds**

The conditions precedent, all of which must be satisfactory to the Lender in its sole and unfettered discretion, to the disbursement of the initial Advance shall include, but not be limited to:

- a) Completion and registration of the Security, as required by the Lender. Title must be acceptable to the Lender and all security documents must be registered, the Lender's solicitor must provide a satisfactory report on registration of the Security, the Lender's solicitor must confirm that no adverse filings concerning the Borrower have been registered in any department or agency of government which, in the solicitor's opinion, could affect the security or priority of the Security, and all other terms and conditions of this Commitment Letter must be satisfied.

- b) Completion of the Lender's due diligence all of which must be satisfactory to the Lender, in its sole, unfettered and absolute discretion. The due diligence requirements of the Lender shall include, but shall not be limited to the items set out in the remainder of this section. The Lender may require any additional information as it deems necessary, in its sole, unfettered and absolute discretion.

- c) Inspection of the Subject Property and Additional Property by the Lender:

The Lender's receipt of the following materials:

OR older report if satisfactory to the lender

- d) An appraisal report, no more than six (6) months old, valuing the Subject Property at no less than \$9,925,000 as-is and valuing the Additional Property at not less than \$2,000,000 as is and not less than \$16,000,000 as complete with a transmittal letter from the author of the report addressed to "Trez Capital Corporation or its nominee".

- e) All required environmental reports for the Properties, no more than twelve (12) months old and a transmittal letter from the author of the report(s) addressed to "Trez Capital Corporation or its nominee" and disclosing the amount of liability insurance that the author carries.

- f) A building condition assessment report for the Subject Property, no more than twelve (12) months old, and a transmittal letter from the author of the report(s) addressed to "Trez Capital Corporation or its nominee" and disclosing the amount of liability insurance that the author carries.

- g) A geotechnical report for the Additional Property, no more than twelve (12) months old, and a transmittal letter from the author of the report addressed to "Trez Capital Corporation or its nominee" and disclosing the amount of liability insurance that the author carries.

- h) A rent roll for the Subject Property, which has been signed as true and dated by the Borrower. The rent roll for the Subject Property must confirm gross rental revenues net of GST/HST of at least \$816,000 per annum.

(Signature)

- i) All leases, offers to lease or residential tenancy agreements for the Subject Property.

- j) Historical operating statements for the Subject Property for the previous two years, the current year-to-date as well as the current year operating budget.

As provided my previous owner at time of purchase

- k) Architectural drawings, site plans, cross sections, floor layouts and building plans showing the gross square footage of the Subject Property and Tower B as well as delineating any unit divisions or strata lots within the Subject Property along with net square footage for each such sub-unit.

- l) A current certified survey for the Subject Property and Additional Property or evidence that title insurance has been obtained.

- m) If applicable, the Limited Partnership Unitholder Registry, signed and dated by the Borrower and a copy of the Limited Partnership Agreement, Or The General Partnership Agreement. Or The Joint Venture Agreement.

- n) A copy of the current shareholder registry for the Borrower and any corporate Guarantors, signed and dated by the respective company's authorized signatory.

(Signature)

- o) Certified financial statements from the Borrower and Guarantor. If an individual then a personal net worth statement, on the Trez Capital form, dated no more than four (4) months prior, is required, if a corporate entity then most recent financial statements is required. All statements, whether personal or corporate, must be accompanied by the most recent Notice of Assessment from Canada Revenue Agency. All Personal Net Worth Statements must include the individuals' full name, full-time occupation, Social Insurance Number, Birth date and current address. ✓
- p) Satisfactory results, in the Lender's sole discretion, of due diligence investigations conducted pursuant to the *Proceeds of Crime Money Laundering and Terrorist Financing Act (Canada)* and Regulations (collectively the "Act") thereunder including but not limited to the following:
 - i. Two pieces of acceptable identification for all Borrower/Guarantor/Signing Officer(s) (up to three Signing Officers, if borrowing under a corporate entity) prior to closing; ✓
 - ii. Satisfactory verification of the source of down payment funds; ✓
 - iii. Satisfactory verification of employment, income and assets; ✓
 - iv. Signed and dated application and contact information of all Borrower/Guarantor; ✓
 - v. Beneficial ownership information (if borrowing under a corporate entity); ✓
 - vi. Third Party Declaration/Statement; ✓
 - vii. Politically Exposed (Foreign and Domestic) Persons Declaration; and ✓
 - viii. Any other documentation that may be requested by the Lender in order to fulfill their obligations under the Act. ✓
- q) A Bring Down Certificate, signed by the Borrower and Guarantor, confirming that all representations and warranties set out in the Commitment Letter are true at the time of closing. ✓
- r) Preauthorized payment form with specimen cheque for automatic deduction of the Monthly Payments for the full Term of the Loan. ✓
- s) Confirmation that the Borrower is in compliance with each of the terms and conditions of this Commitment Letter. In the case of any advance, all conditions precedent pertaining to the advance must be performed no less than five business days prior to the scheduled date of the advance or the Lender shall be under no obligation to make the advance. ✓
- t) Confirmation that the Subject Property and Additional Property are in compliance with current zoning and that there are no outstanding work or fire orders, or that any such orders shall be paid from the proceeds of the Mortgage. ✓
- u) Confirmation that all property taxes owing on the Subject Property and Additional Property have been paid or will be paid from the proceeds of the Mortgage and the Borrower is registered in the appropriate monthly property tax payment program in the appropriate city, county or jurisdiction. ✓
- v) Confirmation that the Additional Property is site plan approved to construct a

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200 bed student residence.

- w) Insurance of the Subject Property and Additional Property which has been reviewed and approved by the Lender's insurance consultant which insurance shall include the coverage set out in Schedule A, or as otherwise required by the Lender in consultation with its insurance consultant.
- x) Such other materials and completion of such other reasonable requirements as may be deemed necessary by the Lender.

In addition to the conditions precedent outlined above, additional conditions precedent all of which must be satisfactory to the lender at its sole, unfettered and absolute discretion, to the disbursement of the initial Construction Advance shall include:

- y) Confirmation of the engagement of a professional quantity surveyor (the "Project Monitor"), Pelican Woodcliff, to act on behalf of the Lender throughout the duration of the intended work on Tower B at the Borrower's expense. The Lender reserves the right to retain the Project Monitor to perform work at a level to be determined satisfactory by the Lender and to change the level of work required by the Project Monitor from time to time.
- z) A report by the Project Monitor confirming that the Development Budget is sufficient to complete Tower B, the work completed to date, any applicable holdbacks, the value of any change orders, the amount of the draw request, and the cost-to-complete for Tower B. The Report shall be accompanied with a transmittal letter from the author of the report addressed to "Trez Capital Corporation or its nominee" and disclosing the amount of liability insurance that the author carries.
- aa) Confirmation that a bonded, guaranteed fixed unit price contract on terms and conditions acceptable to the Lender are in place from Sierra Construction with for 100% of the hard construction costs of the Subject Property.
- bb) The Borrower's detailed development budget and schedule, indicating individual costs per line item broken out on a monthly basis.
- cc) A development permit for the Additional Property.
- dd) A building permit for the Additional Property.
- ee) Receipt of a construction management contract between Sierra Construction ("Sierra") and the Borrower. The construction management contract shall include provisions for Sierra to provide a completion guarantee as well as a cost overrun guarantee to both the Borrower and the Lender based on a budget to be agreed upon by all parties prior to the initial Construction Advance.
- ff) A cost overrun and completion guarantee agreement signed between the Borrower, the Lender and Sierra.
- gg) Evidence from National Home Warranty that the Borrower, or Sierra, is a registered builder of high rise student housing in the Province of Ontario.
- hh) The letter of credit requirements and associated release requirements from the City of Waterloo
- ii) Certification by the Project Monitor that there are no cost over runs, and that the

requirements of the plans have been respected.

- jj) Receipt of an architect's certificate and/or an engineer's certificate for the Additional Property.
- kk) Certification by the Lender's solicitor that there have been no liens registered against the Subject Property.
- ll) Satisfactory workers compensation board clearances.
- mm) A satisfactory inspection of the Subject Property by the Lender.
- nn) Such other materials and completion of such other reasonable requirements as may be deemed necessary by the Lender.

In addition to the conditions outlined above, additional conditions precedent, all of which must be satisfactory to the lender at its sole, unfettered and absolute discretion, to the disbursement of each subsequent Construction Advance shall include:

- oo) A periodic report by the Project Monitor, dated no earlier than 2 weeks prior to the requested advance date, confirming that the Development Budget is sufficient to complete the Subject Property, the work completed to date, any applicable holdbacks, the value of any change orders, the amount of the draw request, and the cost-to-complete the Subject Property.
- pp) Certification by the Project Monitor that there are no cost over runs, and that the requirements of the plans have been respected.
- qq) Receipt of an architect's certificate and/or an engineer's certificate for the Subject Property.
- rr) Certification by the Lender's solicitor that there have been no liens registered against the Subject Property.
- ss) Satisfactory workers compensation board clearances.
- tt) A satisfactory inspection of the Subject Property by the Lender.
- uu) Such other materials and completion of such other reasonable requirements as may be deemed necessary by the Lender.

In addition to the conditions outlined above, additional conditions precedent, all of which must be satisfactory to the lender at its sole, unfettered and absolute discretion, to the disbursement of the final Construction Advance shall include:

- vv) The applicable lien period shall have expired
- ww) The Project Monitor shall have certified that the Subject Property is substantially complete and conforms in all respects to the plans and permits.
- xx) Receipt of an architect's certificate and an engineer's certificate for the Additional Property.
- yy) A final report from Lender's Solicitor certifying that no other charges including liens have been registered against title.
- zz) A satisfactory inspection of the Additional Property by the Lender.
- aaa) Such other reasonable requirements as may be deemed necessary by the Lender

Notwithstanding any other provision of this Commitment Letter, the Lender shall only advance funds to the extent that the remaining unfunded balance shall be sufficient to cover the remaining costs to complete Tower B.

25. Real Property Taxes

All property tax payments, utilities and like amounts due and owing in relation to the Subject Property, or any other taxes charged against the Subject Property, shall be paid prior to or coincide with the Advance. The Borrower shall make arrangements to have the taxes paid by monthly installments to the appropriate taxing authority in order to have them paid in full on their due date. The Borrower is to provide evidence of same to the Lender on a quarterly basis.

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In the event of a default under the mortgage security, the Lender shall have the right to require the establishment of a tax reserve by way of monthly payments representing 1/12 of the estimated taxes payable. The Lender shall not be responsible for the payment of any tax arrears.

26. Statutory Declaration

The Lender shall receive a satisfactory statutory declaration from an officer or director of the Borrower as to the representations and warranties of the Borrower, whether contained in this Commitment Letter or in any of the Security, including: accuracy of financial statements and that there has been no material adverse change in the Borrower financial conditions or operations as reflected in the financial statements used to evaluate this credit; satisfactory title to the Subject Property charged by the Mortgage; power and authority to execute and deliver documents; accuracy of documents delivered and representations made to the Lender; no pending adverse claims; no outstanding judgments; no defaults under other agreements relating to the Subject Property; preservation of assets; payment of all taxes; no other consents, approvals or authorizations necessary in connection with documentation; compliance of the Subject Property with all laws; no other charges against the Subject Property except permitted encumbrances; all necessary services available to the Subject Property; and such other matters as the Lender or its solicitors may require.

27. Further Documents

Notwithstanding anything contained in this Commitment Letter, the Lender may request other documents containing such other assurances, information and covenants as the Lender's solicitors may require with regard to the Loan and Security.

28. Funding

All fundings shall require five (5) business days notice.

\$7,650,000 Upon completion of all legal work in form and content satisfactory to Lender and its solicitor and registration of all Security, including, but not limited to, a valid first mortgage (the "Initial Advance").

\$10,950,000 On progress draws, on a cost-to-complete basis, as supported by a Project Monitor's report, in amounts not less than \$500,000 with such advances not to occur more frequently than once per month, and such that at all times there remains sufficient funds to complete the Subject Property (the "Construction Advances").

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The Lender shall record the principal amount of each advance of the Loan and the payment of principal, interest and fees and all other amounts becoming due to the Lender under this agreement. The Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower for the Loan to the Lender pursuant to this agreement.

All fees that are payable to the Lender and expenses that are incurred by the Lender during the due diligence process shall be deducted from the Advance or the Deposit.

REPRESENTATIONS & WARRANTIES

29. The Borrower warrants and represents that:

- a) **Description of Properties** The Subject Property is a fully leased, 10-storey student residence building with 119 rooms and 25 parking stalls located at 316-318 North King Street, Waterloo, Ontario. The Additional Property is currently 0.39 acres of vacant land but is fully zoned and site plan approved for a 12 storey, 200 room student residence located at 312-322 North King Street, Waterloo, Ontario.
- b) **Appraised Value** An appraisal report, no more than six (6) months old will be completed by City Management & Appraisals, valuing the Subject Property at no less than \$9,925,000 as-is and valuing the Additional Property at not less than \$2,000,000 as is and not less than \$16,000,000 as complete.
- c) **Ownership** At the time of the Advance of the Loan, the legal owner of the Subject Property will be 1817983 Ontario Ltd, which is 100% owned by Chris Christodoulou, the beneficial owner.

d) **Share Capital** The Borrower declares and represents that its authorized share capital is as follows:

Number of Shares	Class	Shareholder Name

e) **Priority of Financing** The mortgages registered against the Subject Property as at the funding date will be as follows:

Rank	Holder	Amount
1 st Position	Trez Capital	\$18,400,000
Total		\$18,400,000

- f) **Repayment** This Loan will be repaid from the proceeds of any refinancing or sale of the Properties and/or other assets of the Borrower.
- g) **Financial** All financial information provided by the Borrower and Guarantor to the Lender, including but not limited to, financial information provided in respect of the values and other matters pertaining to the Subject Property is true and accurate and may be relied upon by the Lender in executing this Commitment Letter and making the Loan.

h) **Development Schedule &** Should the Borrower be required by the Lender to provide either a development schedule or a development budget, the Subject Property shall proceed in accordance

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- Budget** with the said Lender approved development schedule and/or Lender approved development budget. The Borrower shall not permit the events set out in the approved development schedule to be delayed more than 45 days from the approved schedule date and shall, within 10 days of notice of any cost over-run above and beyond the approved budget amount, pay said cost over-run from its own resources.
- i) Legal Compliance** The Subject Property and the use and occupancy thereof, and revenues therefrom, are and shall be at the time of each disbursement, authorized and in accordance with all applicable legislation and there are, and shall be at the time of each disbursement, no work orders or liens outstanding against the Subject Property.
- j) Hazardous Materials** The Borrower and Guarantor warrant and represent that to the best of their knowledge the Subject Property and existing prior uses comply and have at all times complied with all laws, regulations, orders and approvals of all governmental authorities having jurisdiction with respect to environmental matters applicable to the ownership, use, maintenance, and operation thereof (collectively, the "Environmental Laws") and, without limiting the generality of the foregoing:
- (i) The Subject Property has never been used as a land fill site or to store hazardous substances either above or below ground, in storage tanks or otherwise;
 - (ii) All hazardous substances used in connection with the business conducted on the Subject Property has at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;
 - (iii) No hazardous substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Subject Property as a result of the conduct of the business on the Subject Property; and
 - (iv) No notices of any violation of any matters referred to above relating to the Subject Property or its use have been received by the Borrower and there are no directions, writs, injunctions, orders or judgments outstanding, no law suits, claims, proceedings, or investigations being instituted or filed.
- For the purposes of this Commitment Letter, a hazardous substance includes but is not limited to contaminants, pollutants, dangerous substances, gasoline, oil, liquid wastes, industrial wastes, whole liquid wastes, toxic substances, hazardous wastes, hazardous materials and hazardous substances as defined in or pursuant to any applicable Environmental Laws. Further, the Borrower shall indemnify and save harmless the Lender from any loss or liability whatsoever arising from any violation whatsoever of any law, regulation, ordinance, judgment, appraisal or decision in connection with hazardous risks or environmental risks.

GENERAL CONDITIONS

- 30. Repayment of the Loan** The Loan shall be repayable on demand by the Lender following the occurrence of an Event of Default, and shall in any event be repaid in full at the end of the Term of the Loan. Any payment of any amount due to the Lender hereunder or in the security documents must be received by the Lender at the Lender's address by 1:00pm Pacific Standard Time on a business day, failing which such payment will be deemed to be received on the next business day.
- 31. Management** The Subject Property (and Tower B when complete) is to be managed at all times

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- by a property manager acceptable to the Lender, and on terms acceptable to the Lender. A change in the property manager without the Lender's approval shall constitute an event of default. The Lender acknowledges and accepts that Domus Management is the current property manager for the Subject Property.
- 32. Abandonment** In the event of abandonment of the Properties for a period in excess of fifteen (15) consecutive days, the Lender shall be entitled, after giving the Borrower written notice of any abandonment and provided the Borrower fails to rectify same within ten (10) days after such notice has been given, to forthwith withdraw and cancel its obligations hereunder and/or decline to advance further funds as the case may be and in addition to declare any funds advanced to forthwith become due and payable plus interest, all at the Lender's option.
- 33. Liens** At all times, and in particular on each disbursement date, there shall have been full and complete compliance with all requirements of federal and provincial legislation which may give rise to a lien or other charge in priority to the Lender. The Lender may retain from any disbursement such amounts as it considers advisable to protect its interest from subordination under such legislation. The Borrower shall provide additional security, information and documentation as may be required by the Lender to preserve and ensure, in all respects, the absolute priority of the Mortgage over any rights of any existing or potential lien claimants. The Lender reserves the right to hold back additional amounts due to suppliers, contractors, government or other agencies, which may be due under the terms of any legislation giving rise to a claim of lien or other charge. Furthermore, the Lender shall have the right to make payments directly to suppliers, contractors, government or other agencies for the Borrower account as if advanced directly to the Borrower, as the Lender may deem necessary.
- 34. Environmental Concerns** At the time of any disbursement of the Loan, the Lender shall be satisfied that there are not in, on, under or about the Properties, or any part thereof, any contaminants, toxic, dangerous or hazardous substances (collectively, the "Dangerous Substances") including, without limitation, UFFI (Urea Formaldehyde Foam Insulation), asbestos fireproofing insulation, PCB's (Polychlorinated Biphenyl's) or radioactive materials and, to the best of the Borrower knowledge, neither the Properties, nor any adjacent lands, have ever been used as or for a waste disposal or coal gasification site, nor have they ever contained any underground storage tanks, and further, the use of the Properties has not involved, and will not involve, during the Term of the Loan, the handling of Dangerous Substances or will such use result in any environmental damage. In addition to any liability imposed on the Borrower and Guarantor under any instrument evidencing or securing the Loan indebtedness, the Borrower and Guarantor shall be liable for any and all of the costs, expenses, damages or liabilities of the Lender, its Directors and Officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Properties of any hazardous or noxious substances and such liabilities shall survive foreclosure of the Security for the Loan and any other existing obligations of the Borrower and Guarantor to the Lender in respect of the Loan and any other exercise by the Lender of any remedies available to the Lender for any default of the Loan.
- 35. Restriction on Further** The Borrower agrees not to enter into any further financing of the Properties and not to further encumber the Properties in any manner without the prior written approval

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Financing

of the Lender, which approval may be withheld in the Lender's sole discretion. The Borrower will provide evidence, satisfactory to the Lender, as to the source of the Borrower required equity in the Properties. The Borrower shall disclose to the Lender all existing or proposed financing related to the Properties or any Security used in connection therewith and shall not further pledge, charge or otherwise encumber its interest in the Properties, nor any of the Security used in connection with the Properties to any party other than the Lender, without the prior written consent of the Lender.

36. Sale

Except as provided in Partial Discharges section above, the Borrower shall not sell, assign, lease in its entirety or otherwise dispose of the legal ownership or title to the Properties, or its beneficial interest therein, or of the personal property related thereto or which is necessary to the use and operation of the Properties, without the prior written consent of the Lender. The Borrower shall not make any changes to the authorized share capital or allocation or ownership thereof, which would result in a change of voting control or beneficial ownership thereof without the prior written consent of the Lender.

37. Proceedings

The Borrower shall provide the Lender with evidence that it has taken all of the necessary corporate proceedings relating to the transactions contemplated herein.

38. Default

At the time of the disbursement of any part of the Loan, no default shall have occurred and be continuing, nor any state of affairs or event shall be existing which, with the passage of time or the giving of notice or both, would constitute a default hereunder or in the instruments evidencing or securing the Loan or incidental thereto and neither the Borrower or Guarantor shall be deceased or insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation, reorganization, liquidation, winding-up, dissolution, receivership or material litigation or continuation under the laws of any other jurisdiction. Any default under the Security shall be deemed to be a default hereunder.

39. Costs & Expenses

Whether or not the Loan is disbursed, and notwithstanding retention of the Commitment Fee by the Lender, all of the Lender's costs and expenses relating to the Loan, including legal costs and travel costs, in addition to any costs and expenses incurred by the Lender due to proceedings under the Bankruptcy and Insolvency Act relating to the Borrower, shall be borne in full by the Borrower. Such costs and expenses may be added to the then outstanding principal balance of the Mortgage and shall bear interest at the Interest Rate under the Mortgage. If requested by the Lender, the Borrower shall deposit with the Lender's solicitor an amount equal to the estimated fees and expenses of the Lender's solicitors prior to such solicitor commencing preparation of the Security.

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

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management fee in the amount of (and not to exceed) \$10,000 for each month or part thereof for which the Borrower remains in default. This administration and management fee is intended to reimburse the Lender for time and trouble in the management and administration of the Security and the Properties. The said sum or sums are agreed to be a liquidated amount to cover the Lender's administration and management costs and are not intended nor shall be construed to be a penalty. All such sums payable to the Lender shall be a charge upon the Properties and shall bear interest at the Interest Rate until paid.

40. Marketing

From time to time, the Lender publishes advertisements or announcements of completed transactions. The advertisements or announcements include, but are not limited to, press releases, paid advertisements, internally displayed tombstones, investor brochures or information displayed on the internet or on the Lender's intranet. The Borrower and Guarantors consent to the publication of an advertisement or announcement of the transaction contemplated by this Commitment Letter. The Borrower and Guarantors agree to allow the Lender to photograph or utilize existing photographs or artistic renderings (for unfinished projects) of the Properties for possible use in internal or external marketing programs.

During the term of the loan, the Lender may require a sign to be erected on the Properties at the cost of the Borrower and maintained by the Borrower evidencing the financing of same. The design of the sign is to be approved by the Lender prior to being erected on the Properties.

41. Further Assurances

The Borrower and Guarantor shall, at the Lender's request, execute or deliver such further documentation and enter into such other agreements as are necessary for the 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 entire Loan Amount.

42. Financial Information

Until the repayment of the Loan, the Borrower shall provide the Lender, within 120 days after the end of each fiscal year of the Borrower or more often if requested by the Lender, a detailed financial statement of the Borrower including a separate income and expense statement for the Properties, an operating statement and an updated rent roll containing relevant lease terms for the Properties, all satisfactory to the Lender in form and content.

The financial statement is to be prepared by a chartered accountant licensed under the applicable legislation in the province where the Properties are located.

The Borrower and Guarantor authorize the Lender to obtain such financial information as the Lender may require. Specifically, the Borrower and Guarantor consent to the Lender obtaining credit reports from the appropriate credit reporting agencies and relying on these reports when making decisions regarding advances under this Loan.

43. Information Updates

Until the repayment of the Loan, the Borrower shall supply the Lender with such updated information relating to any of the condition precedent requirements as the Lender may request from time to time. Such information shall be provided to the Lender within 14 days from the date of the Lender's request.

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- 44. Survival of Commitment Letter** The terms, conditions, representations and warranties expressed herein shall continue in effect as long as any part of the Loan remains outstanding and shall bind the personal representatives, heirs, successors and assigns of the Lender and the Borrower, shall enure to the benefit of the successors and assigns of the Lender and the Borrower, and shall not merge on the execution or registration of the Security. In the event of conflict between this Commitment Letter and the Security delivered hereunder, the Lender shall determine which shall prevail.
- 45. Communication** All communications provided for hereunder shall be in writing, personally delivered or sent by prepaid first class mail or telecommunications, and if to the Lender addressed to the address above noted, to the attention of the President, and if to the Borrower to the address noted above. The date of receipt of any such communication shall be deemed to be the date of delivery, if delivered as aforesaid, or on the third business day following the date of mailing, as aforesaid. Any party hereto may change its address for service from time to time by notice in the manner herein provided. In the event of a postal disruption or an anticipated postal disruption, prepaid first class mail will not be an acceptable means of communication.
- 46. Governing Law** This Commitment Letter shall be governed by and constituted in accordance with the laws of the province in which the Properties are situated.
- 47. Waivers** Except as otherwise expressly provided herein, this Commitment Letter cannot be waived, changed, amended, discharged or terminated other than by an agreement in writing signed by the party against whom enforcement of any waiver, change, amendment, discharge or termination is sought.
- 48. Other Agreements** This Commitment Letter, when accepted by the Borrower and Guarantor, will constitute the entire agreement and understanding between the parties hereto with respect to the Loan and supersedes all other prior agreements, understandings or commitments, oral or written. This Commitment Letter shall assume the accuracy of information previously supplied by the Borrower and will presuppose no material adverse change in the Borrower prior to any disbursement. Any approvals or consents required to be made or given by the Lender hereunder must be expressly given pursuant hereto and shall not be construed by the delivery or receipt of documents.
- 49. Time of the Essence** Time shall be of the essence in all respects herein.
- 50. Privacy Act Consent** With regard to any personal information that is provided during this application process, the Borrower and Guarantor consent to the collection, use, and disclosure of that information for the following purposes: to understand their financial status in order to approve the Loan; to meet regulatory requirements; to enable the Lender to manage and enforce the credit facility; to verify their identities. The Lender may from time to time give this personal information to credit bureaus and other financial institutions. The Lender may also share this personal information with anyone who works with or for the Lender or any individual or group investing in the Loan, and any other potential sources of business, but only as needed for the provision and enforcement of the credit facility requested.
- 51. Assignment, Sale or Syndication** Neither this Commitment Letter, nor any of the Loan proceeds, may be assigned by the Borrower, but this Commitment Letter and attendant Security may be assigned by the Lender without the consent of the Borrower. The Loan terms, representations and warranties herein contained shall enure to the benefit of each

assignee of the Lender. The Lender shall have the right to assign, sell, syndicate or transfer all or any portion of the Loan, and as part of any such transaction, the Lender is hereby authorized to provide to prospective participants in such transactions all information received by the Lender regarding the Borrower and the Properties. This information will be held in strict confidence between the Lender and any prospective participant in the Loan.

52. Interpretation

- a) The headings of all provisions herein are inserted as a matter of convenience only and not to define the intent of this document. The necessary grammatical changes required to apply to the parties hereto shall be assumed as though expressed.
- b) "Business Day" means a day of the week, other than Saturday, Sunday or any other day which is a statutory or a municipal holiday in the municipality in which the Subject Property is situated.
- c) "Event of Default" shall mean the breach of any of the terms, conditions, representations or warranties contained in this Commitment Letter, as it pertains to both the Borrower and Guarantor.
- d) "Lender" shall mean Trez Capital Corporation or its nominee.
- e) "Person" includes any individual, partnership, joint venture, trust, unincorporated organization or any other association, corporation and government or any department or agency thereof.
- f) The words "hereto", "herein", "hereunder", "hereby", "Commitment Letter", "this agreement", and similar expressions used in this Commitment Letter, including the schedules attached hereto, mean or refer to this Commitment Letter and not to any particular provision, section or paragraph or other portion of this Commitment Letter and include any instrument supplemental or ancillary hereto.
- g) The word "satisfactory" shall mean acceptable to the Lender in its absolute, sole and unfettered discretion.

53. Advance

Notwithstanding anything contained in this Commitment Letter, the advance of the Loan or any part thereof is subject to the Lender's sole, absolute, unfettered and unqualified discretion not to advance notwithstanding any and all steps taken by you or your legal counsel, including, without limitation, the registration of security documents.

54. Counterparts, Facsimile & Electronic Transmission

This agreement may be executed in any number of counterparts and by facsimile, electronic transmission or .pdf copy, each of which when so executed is deemed to be an original and all of which together shall constitute one and the same agreement.

55. Professional Advisors

- a) **Solicitor:** The title report, security and all other documents relating to this financing and the processing of all legal steps with respect to advances of funds shall be prepared and carried out by Robert Cohen of the law firm of Blaney McMurtry LLP, located at 2 Queen Street East, suite 1500, in the City of Toronto, Province of Ontario (Telephone: 416-593-3908).
- b) **Insurance Consultant:** All insurance and bonding matters shall be reviewed and approved at the cost of the Borrower by Malcolm Aldridge of the consulting firm Intech Risk Management Inc., located at suite 400, 3 Church Street, in the City of Toronto, Province of Ontario (Telephone: 416-348-1353).
- c) **Project Monitor:** The preliminary report and monthly inspections certifying

each monthly claim shall be prepared by the consulting firm Pelican Woodoliff, located at 100 York Blvd, suite 608, in the City of Toronto, Province of Ontario (Telephone: 905-477-4507), who shall act as the Project Monitor on behalf of the Lender.

The Lender reserves the right to appoint such other Solicitor, Project Monitor, Insurance Consultant or Environmental Consultant from time to time without the consent of the Borrower.

ACCEPTANCE

This Commitment Letter shall not become effective until the Borrower, Guarantor and Lender have signed it and a copy is returned to the Lender's office along with the further non-refundable Deposit cheque in the amount of \$12,500 by no later than 12:00 noon Pacific Standard Time on March 7, 2012. The Borrower and Guarantor hereby acknowledge and agree to the terms and conditions of this Commitment Letter and authorize Trez Capital Corporation to instruct its solicitor to prepare the security documentation. The Borrower and Guarantor further acknowledge that the Commitment Fee set forth herein is a reasonable estimate of the cost incurred in granting the Loan and of holding monies available to fund same, and that the Commitment Fee shall be forfeited and payable to Trez Capital Corporation as liquidated damages, and not as a penalty, if the Initial Advance under the Loan is not taken down within the time limit herein. This Commitment Letter and any fees earned as a result of this Commitment Letter, together with any expenses or costs incurred by Trez Capital Corporation including, but not limited to, appraisal, re-appraisal, inspections, re-inspections, title searches, plan reviews, soil tests, survey, environmental assessments, and legal costs on a solicitor and its client basis, are deemed to be a charge on the Subject Property referred to herein and Trez Capital Corporation may file and maintain a caveat on the title to the Subject Property to protect that charge and the Borrower and Guarantor do hereby mortgage to Trez Capital Corporation all its estate and interest in the said Subject Property and Security. This Commitment Letter supersedes all previous correspondence between the parties hereto.

Please set out below the name and phone number (including area code) of the solicitor representing you:


Lawyer Nick Geil (PLEASE PRINT)
Firm Geil & Geil (PLEASE PRINT)
Phone Number 519-886-8120 (PLEASE PRINT)

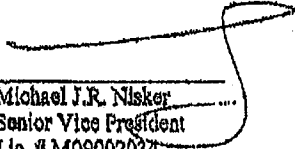
Please set out below the name and phone number (including area code) of the insurance agent representing you:

Insurance Agent Simon Wong (PLEASE PRINT)
Firm Bernhard Insurance (PLEASE PRINT)
Phone Number 519-743-6308 (PLEASE PRINT)

Handwritten signature/initials.

Yours Truly,
TREZ CAPITAL CORPORATION

Per: 
Nonh Mintz
Vice President
Lic. # M08006173


Per: 
Michael J.R. Nisker
Senior Vice President
Lic. # M09002034

We hereby agree to the terms and conditions contained in this Commitment Letter and agree to be bound by the terms hereof.

Dated at the city of Toronto, in the Province of Ontario, this 5th day of March, 2012.

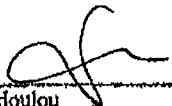
BORROWER


1817983 Ontario Ltd.

Per: 
Authorized Signature

I/We have Authority to bind the Corporation

GUARANTOR:

Per: 
Chris Christodoulou


Witness



**SCHEDULE 'A'
INSURANCE**

The Borrower shall obtain and maintain during the Term of the Loan the following insurance coverage with respect to the Subject Property and the property related thereto or used for its operation, which insurance shall be reviewed by the Lender's Insurance Consultant as set out in the Commitment Letter, prior to any advance of funds.

1. Upon substantial completion of the Subject Property

- (i) **Fire Insurance:** A fire insurance policy with extended coverage for all other risks and perils for an amount equal to one hundred percent (100%) of the gross replacement cost for the building erected on the Subject Property, without deduction for foundation and footings; said policy shall inter alia provide for replacement cost endorsement, deletion from the policy of any provision requiring reconstruction on same or adjacent sites, coverage of direct and indirect damage resulting from leakage of fire protection equipment, an endorsement to the effect that the policy will cover any additional costs of reconstruction as a result of enforcement of current building by-laws and regulations, and loss to be payable to the Lender as a first-ranking mortgage creditor in accordance with the IBC 3000 mortgage clause approved by the Insurance Bureau of Canada including, without limitation, that such policy will not be cancelled, terminated or permitted to expire unless the Lender shall first receive a thirty (30) days prior written notice of the same. Such policy of insurance shall not contain a percentage co-insurance endorsement other than a one hundred percent (100%) stated amount co-insurance endorsement.
- (ii) **Boiler and Machinery Insurance:** A broad form boiler insurance policy with coverage on all electrical and mechanical equipment, as well as all pressure vessels; such policy shall contain a rider with the standard mortgage clause approved by the Canadian Boiler and Machinery Underwriters' Association, with proceeds payable to the Lender as first-ranking mortgage creditor and such policy shall provide inter alia for the same terms and conditions as set out in paragraph 1(i) above.
- (iii) **Liability Insurance:** A general liability insurance policy covering corporeal and material damages in an amount of not less than Five Million Dollars (\$5,000,000) per occurrence. The Policy shall include limited pollution coverage.
- (iv) **Rental Insurance:** A rental income insurance policy for a period of indemnity of, at minimum, twenty-four (24) months for an amount equal to, at minimum, one hundred per cent (100%) of the actual or projected gross annual rents (or the net rents plus the amount of the operating expenses from the Subject Property).

2. For Properties Under Construction

- (i) **All Risks Builders Course of Construction including flood and earthquake on:**
 - a. One hundred percent (100%) of the estimated final construction cost of the Subject Property, including reasonable soft costs;
 - b. One hundred percent (100%) of the anticipated annual rents (assuming full occupancy) written on a delayed income basis.
 - c. The policy shall allow for partial or full occupancy. All other terms and conditions shall apply as if there were a fire with extended coverage policy in force as described above in paragraph 1(i).
- (ii) The liability coverage as described more fully in paragraph 1(iii) above. However, if the construction cost is in excess of Ten Million Dollars (\$10,000,000), then a wrap-up liability is required with a limit of not less than Ten Million Dollars (\$10,000,000) and must include all contractors, subcontractors and trades.

J
mm

- (iii) Engineers' errors and omission insurance for at least Five Hundred Thousand Dollars (\$500,000) or such greater amount as the Lender may reasonably require.

3. Additional Insurance

In addition to any of the forgoing, the Lender shall be entitled to request that the Borrower obtain any other insurance coverage it deems necessary, useful or appropriate.

The provisions relating to cancellation of the insurance policies or alteration clauses in the policies, including the mortgage clause, shall provide that a prior written notice of not less than thirty (30) days must, in such event, be given to the Lender.

All proceeds of insurance from insurance policies maintained, other than liability insurance, shall be paid to the Lender and at the option of the Lender may either be applied on account of the Loan, whether or not the same may be due and payable, and interest thereon and any other sums payable in respect thereof, or held by it as part of the Lender's security and, so long as the Borrower is not in default, may be subject to withdrawal by the Borrower in instalments on a cost-to-complete basis, as the repair or replacement progresses, subject to the Lender's receipt of appropriate certificates, opinions and other documents as required by it and Lender's Solicitor.

If the Lender's security is by way of a leasehold mortgage, then notwithstanding the provisions of the immediately preceding paragraph, but provided that the Lender, its Insurance Consultant and its Solicitor are satisfied that the proceeds of insurance shall be applied to rebuilding and are otherwise completely satisfied with the provisions of all arrangements made with the ground lessor and an insurance trustee in respect thereof, the proceeds payable under the policies referred to above, other than liability insurance may be payable to the insurance trustee under and in accordance with an insurance trust agreement, satisfactory to the Lender, its Insurance Consultant and its solicitor.

The Borrower shall provide to the Lender such evidence as the Lender may request that all of the above required insurance is in place prior to any advance of the Loan being made.

All required insurance policies shall be forwarded to the Lender's Insurance Consultant for verification and approval, at the expense of the Borrower, prior to the disbursement of the Initial Advance of the Loan.

Disclosure to Borrower
Mortgage Brokerages, Lenders and Administration Act

Important

This document must be provided to the borrower 2 business days prior to the signing of any mortgage instruments, unless waived below.

Property to be mortgaged: 312-322 King Street North, Waterloo, Ontario

Details of Mortgage:

The Principal amount of the first mortgage to be repaid by the borrower will be \$18,400,000 to be advanced in multiple installments with the first advance in the amount of \$7,650,000 to be advanced on March 27, 2012 (subject to change) with payments commencing on May 7, 2012 (subject to change).

The principal amount of the mortgage will bear interest at 8.00% per year for the initial 18 months and 20% per year thereafter, and will be repayable upon loan maturity. Where the annual interest rate may change, the method of determining the annual interest rate is: the greater of HSBC prime rate + 5.00% and 8.00%.

Interest will begin to accrue on the Closing Date of March 27, 2012 (subject to change).

The mortgage will be interest only and interest is to be compounded monthly.

The Total amount of all payments over the initial 18 month term of the mortgage will be \$2,208,000 (assuming the full amount is drawn). Each payment made on the mortgage must be applied first to the accumulated cost of borrowing and then to the outstanding principal.

Terms and Conditions:

- *General Terms / Conditions:* See lender Commitment Letter for details
- *Prepayment Privileges:*
- *Transferability:*
- *Method of Payment:*
- *Special Conditions:*
- *Particulars / Penalties:*
- *Additional Comments:*
- *Optional Services:*

Fees and Costs Payable by the Borrower:

<i>Costs Included in APR</i>		<i>Costs Excluded from APR</i>	
Commitment Fee	\$368,000	Insurance Review	TBD
Broker Fee	\$280,000	Legal Fees/ Disbursements (est.)	TBD
Exit Fee	\$92,000	Appraisal or Inspection (if any)	TBD
Total Costs (Incl. APR):	\$740,000	Total Costs (Excl. from APR)	TBD

Total Cost of Borrowing; APR: 10.68%

Total Costs (incl. in APR) of \$740,000 + interest to be paid during the term of the mortgage of \$2,208,000 (assuming full amount is drawn on day 1) = \$2,948,000.

Signature

Referral Fees Paid to Brokerage and Broker / Agent:

- The Commitment Fee and Exit Fee are payable to an affiliated or related company of the lender.
- The Broker Fee is payable to AMK Mortgages Ontario Inc.

Conflicts of Interest:

The broker / Agent has the following relationship which may be perceived as a conflict of interest:

- The Broker / Agent is representing the Lender and not the Borrower in this transaction.
- The Broker / Agent is an affiliated or related company of the lender.
- The Broker /Agent has acted solely for the lender during the previous fiscal year.

Name and Address of Brokerage: Trez Capital, Suite 1404, 401 Bat Street, Toronto, Ontario, M5H 2Y4
Licensing: 10472

Name of Authorized Person signing on behalf of the Brokerage: Noah Mintz
Title of this Authorized Person: Vice President, Lending
Licensing: M08006173

Date: 3/2/2012

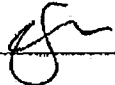

Signature of Authorized Person

Material Risks associated with Mortgage Borrowing:

The Borrower acknowledge that the Brokerage and Broker / Agent have reviewed and discussed the material risks of mortgage financing. These risks include, but are not limited to, such items as the consequences of default in payment or other term of the mortgage which may result in the lender taking action against us; the prepayment penalties in the mortgage, if any; the mortgage may not be renewable at maturity; and any risk that a change in our income or other personal circumstances may create.


ACKNOWLEDGEMENT

I / we acknowledge receipt of a copy of this form and that I / we have reviewed the information herein. The Broker / Agent has explained the Risks and Benefits associated with this transaction.

Date: March 5 / 2012 Borrower: 

Date: _____ Borrower: _____

I / we waive the 48 hour requirement for this disclosure:

Date: March 5 / 2012 Borrower: 

Date: _____ Borrower: _____



TREZ
CAPITAL

April 10, 2012

1817983 Ontario Ltd.
c/o AMK Mortgages Ontario Inc.
2171 Avenue Road
Suite 102
Toronto Ontario M5M 4B4

Attention: Arthur Kraus

Dear Sir:

RE: Amendment to Commitment Letter for a 1st mortgage in the amount of \$18,400,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Loan #966/12]

Further to the commitment letter dated March 2, 2012 (the "Commitment Letter"), we provide you with the following amendments to the terms of the 1st mortgage loan (the "Loan"), which upon execution by the Borrower and Lender shall constitute an agreement which shall bind the Borrower with respect to the Loan effective as of the date of the Commitment Letter. The Commitment Letter is hereby amended as follows:

Section	Replaced in its entirety with:
7 Expiry of Loan Offer	It is a condition of this Commitment that if the Security is not registered and in place, and the Initial Advance has not occurred on or before April 30, 2012, this Commitment Letter shall, at the option of the Lender, expire and be of no force and effect.

This Amendment Letter and the Commitment Letter shall be read together as one and the same document and may be executed in counterpart and delivered via facsimile or other electronic transmission. Other than as expressly set out herein, all of the terms and conditions of the Commitment Letter shall continue in full force and effect, unamended. This Amendment Letter shall not become effective until the Borrower and Lender have signed it and a copy is returned to the Lender's office by no later than 4:00pm Pacific Time on **April 11, 2012**.

Yours truly,

TREZ CAPITAL CORPORATION

Per: _____

Noah Mintz
Noah Mintz
Vice President
Lic. # M08006173

Suite 1550 – 1185 West Georgia Street, Vancouver, BC Canada V6E 4E6 Tel: 604.689.0821 Fax: 604.638.2775
info@trezcapital.com www.trezcapital.com

We hereby agree to the Terms and Conditions contained in this Amendment and agree to be bound by the terms hereof.

Acknowledged and agreed at Kitchener this 10th day of April, 2012.

BORROWER:

1817983 Ontario Ltd.

Per: [Signature]
Authorized Signature

GUARANTORS:

Per: [Signature]
Chris Christodoulou

[Signature]
Witness
MARIA
PLOTAGEA



April 27, 2012

1817983 Ontario Ltd.
c/o AMK Mortgages Ontario Inc.
2171 Avenue Road
Suite 102
Toronto Ontario M5M 4B4

Attention: Arthur Kraus

Dear Sir:

RE: Amendment to Commitment Letter for a 1st mortgage in the amount of \$18,400,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Loan #966/12]

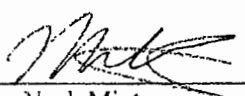
Further to the commitment letter dated March 2, 2012 (the "Commitment Letter"), we provide you with the following amendments to the terms of the 1st mortgage loan (the "Loan"), which upon execution by the Borrower and Lender shall constitute an agreement which shall bind the Borrower with respect to the Loan effective as of the date of the Commitment Letter. The Commitment Letter is hereby amended as follows:

Section	Replaced in its entirety with:
7 Expiry of Loan Offer	It is a condition of this Commitment that if the Security is not registered and in place, and the Initial Advance has not occurred on or before May 22, 2012, this Commitment Letter shall, at the option of the Lender, expire and be of no force and effect.

This Amendment Letter and the Commitment Letter shall be read together as one and the same document and may be executed in counterpart and delivered via facsimile or other electronic transmission. Other than as expressly set out herein, all of the terms and conditions of the Commitment Letter shall continue in full force and effect, unamended. This Amendment Letter shall not become effective until the Borrower and Lender have signed it and a copy is returned to the Lender's office by no later than 4:00pm Pacific Time on April 30, 2012.

Yours truly,

TREZ CAPITAL CORPORATION

Per: 
Noah Mintz
Vice President
Lic. # M08006173

We hereby agree to the Terms and Conditions contained in this Amendment and agree to be bound by the terms hereof.

Acknowledged and agreed at W. Dehener this 27th day of April, 200 .

BORROWER:

1817983 Ontario Ltd.

Per: [Signature]
Authorized Signature

GUARANTORS:

Per: [Signature]
Chris Christodoulou
CAGS

[Signature]
Witness
MARIA PLOTOGEA



May 17, 2012

1817983 Ontario Ltd.
 c/o AMK Mortgages Ontario Inc.
 2171 Avenue Road
 Suite 102
 Toronto Ontario M5M 4B4

Attention: Arthur Kraus

Dear Sir:

RE: Amendment to Commitment Letter for a 1st mortgage in the amount of \$18,400,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Loan #966/12]

Further to the commitment letter dated March 2, 2012 (the "Commitment Letter"), we provide you with the following amendments to the terms of the 1st mortgage loan (the "Loan"), which upon execution by the Borrower and Lender shall constitute an agreement which shall bind the Borrower with respect to the Loan effective as of the date of the Commitment Letter. The Commitment Letter is hereby amended as follows:

Section

Replaced in its entirety with:

7. Expiry of Loan Offer

It is a condition of this Commitment that if the Security is not registered and in place, and the Initial Advance has not occurred on or before June 14, 2012, this Commitment Letter shall, at the option of the Lender, expire and be of no force and effect.

22 Sources & Uses

Source		Use	
Trez Capital 1 st Mortgage	\$18,400,000	Payout Trez Capital 1 st Mortgage	\$6,450,000
Trez Capital Mezz Loan	\$3,135,000	Payout VTB 2 nd mortgage	\$1,000,000
Borrower Equity	\$1,000,000	Payout Woodmere 3 rd mortgage	\$500,000
		Mezz Loan Commitment Fee	\$250,000
		Tower B Hard & Soft Costs (including all broker fees, 1 st mortgage commitment fees and interest)	\$13,210,000
		Mezz Loan Interest Budget	\$1,125,000
Total	\$22,535,000	Total	\$22,535,000

23(f) Security

Statutory declaration confirming that the Borrower has a minimum of \$1,000,000 of cash equity invested in the Properties, with such equity to stay in place throughout the term of the Loan.

29(e) Priority of Financing

The mortgages registered against the Subject Property as at the financing date will be as follows:

Rank	Lender	Amount
1 st Position	Trez Capital Limited Partnership	\$18,492,000
2 nd Position	Trez Capital Limited Partnership	\$3,285,000
Total		\$21,777,000

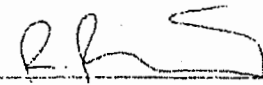
This Amendment Letter and the Commitment Letter shall be read together as one and the same document and may be executed in counterpart and delivered via facsimile or other electronic transmission. Other than as expressly set out herein, all of the terms and conditions of the Commitment Letter shall continue in full force and effect, unamended. This Amendment Letter shall not become effective until the Borrower and Lender have signed it and a copy is returned to the Lender's office by no later than 4:00pm Pacific Time on April 30, 2012.

Yours truly,

TREZ CAPITAL LIMITED PARTNERSHIP
BY ITS GENERAL PARTNER
TREZ CAPITAL (2011) CORPORATION

Per: 

Noah Mintz
Vice President
Lic. # M08006173

Per: 

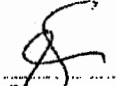
Robert Perkins
Executive Vice President

We hereby agree to the Terms and Conditions contained in this Amendment and agree to be bound by the terms hereof.

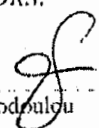
Acknowledged and agreed at KITCHENER this 18th day of MAY, 2012

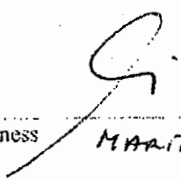
BORROWER:

1817983 Ontario Ltd.

Per: 
Authorized Signature

GUARANTORS:

Per: 
Chris Christodoulou

Witness 
MARIA PLOTOGEA



June 18, 2012

1817983 Ontario Ltd.
c/o AMK Mortgages Ontario Inc.
 2171 Avenue Road
 Suite 102
 Toronto Ontario M5M 4B4

Attention: Arthur Kraus

Dear Sir:

RE: Amendment to Commitment Letter for a 1st mortgage in the amount of \$18,400,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Loan #966/12]

Further to the commitment letter dated March 2, 2012 (the "Commitment Letter"), we provide you with the following amendments to the terms of the 1st mortgage loan (the "Loan"), which upon execution by the Borrower and Lender shall constitute an agreement which shall bind the Borrower with respect to the Loan effective as of the date of the Commitment Letter. The Commitment Letter is hereby amended as follows:

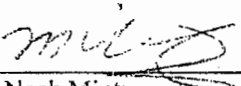
Section	Replaced in its entirety with:
7. Expiry of the Loan Offer	It is a condition of this Commitment Letter that if the Security is not registered and in place, and the Initial Advance has not occurred on or before June 22, 2012 , the Lender shall no longer have any obligation to advance any funds to the Borrower pursuant to the terms of this Commitment Letter. All other terms and conditions of this Commitment Letter shall remain in full force and effect.
14. Monthly 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 1 st day of each and every month following the Interest Adjustment Date.

Partial Monthly Payments shall be advanced from the Interest Accrual Budget. Interest from the date of first Advance until the Interest Adjustment Date shall be deducted from the first Advance or, at the option of the Lender, may be advanced from Interest Accrual Budget. Each month, during the term hereof, the Borrower shall advance up to the first \$50,000 of the Monthly Payments due from the Borrower's own resources, with the remainder of the Monthly Payments to be advanced by the Lender from the Interest Accrual Budget until the Interest Accrual Budget is exhausted and thereafter the Borrower shall be required to make the Monthly Payments from its own resources.


This Amendment Letter and the Commitment Letter shall be read together as one and the same document and may be executed in counterpart and delivered via facsimile or other electronic transmission. Other than as expressly set out herein, all of the terms and conditions of the Commitment Letter shall continue in full force and effect, unamended. This Amendment Letter shall not become effective until the Borrower and Lender have signed it and a copy is returned to the Lender's office by no later than 4:00pm Pacific Time on April 30, 2012.

Yours truly,

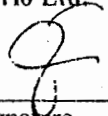
TREZ CAPITAL CORPORATION

Per: 
Noah Mintz
Vice President
Lic. # M0S006173

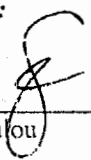
We hereby agree to the Terms and Conditions contained in this Amendment and agree to be bound by the terms hereof.


Acknowledged and agreed at Kitchener this 18th day of JUNE, 2012 

BORROWER:

1817983 Ontario Ltd
Per: 
Authorized Signature

GUARANTORS:

Per: 
Chris Christodoulou

Witness 
MARIA PROTOGEEA.



June 19, 2012

1817983 Ontario Ltd.
 c/o AMK Mortgages Ontario Inc.
 2171 Avenue Road
 Suite 102
 Toronto Ontario M5M 4B4

Attention: Arthur Kraus

Dear Sir:

RE: Amendment to Commitment Letter for a 1st mortgage in the amount of \$18,400,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Loan #966/12]

Further to the commitment letter dated March 2, 2012 (the "Commitment Letter"), we provide you with the following amendments to the terms of the 1st mortgage loan (the "Loan"), which upon execution by the Borrower and Lender shall constitute an agreement which shall bind the Borrower with respect to the Loan effective as of the date of the Commitment Letter. The Commitment Letter is hereby amended as follows:

Section	Replaced in its entirety with:				
13. Interest Accrual Budget	\$432,000. The interest accrual budget (the "Interest Accrual Budget") represents the maximum amount of interest that the Lender will allow to accrue on the principal Loan Amount outstanding. If at any time during the Term the accrued interest exceeds the Interest Accrual Budget, the Borrower must pay the overage to the Lender on the next Monthly Payment. The registered Loan Amount will include the principal amount advanced, as well as the Interest Accrual Budget.				
28. Funding	All fundings shall require five (5) business days notice. The Loan shall be funded in a multiple advances as follows: <table border="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;">\$6,660,000</td> <td>Upon completion of all legal work in form and content satisfactory to Lender and its Solicitor and registration of all Security, including, but not limited to, a valid 1st mortgage (the "Initial Advance").</td> </tr> <tr> <td style="vertical-align: top;">\$11,740,000</td> <td>On progress draws, on a cost-to-complete basis, as supported by a Project Monitor's report, in amounts not less than \$500,000 with such advances not to occur more frequently than once per month, and such that at all times</td> </tr> </table>	\$6,660,000	Upon completion of all legal work in form and content satisfactory to Lender and its Solicitor and registration of all Security, including, but not limited to, a valid 1 st mortgage (the "Initial Advance").	\$11,740,000	On progress draws, on a cost-to-complete basis, as supported by a Project Monitor's report, in amounts not less than \$500,000 with such advances not to occur more frequently than once per month, and such that at all times
\$6,660,000	Upon completion of all legal work in form and content satisfactory to Lender and its Solicitor and registration of all Security, including, but not limited to, a valid 1 st mortgage (the "Initial Advance").				
\$11,740,000	On progress draws, on a cost-to-complete basis, as supported by a Project Monitor's report, in amounts not less than \$500,000 with such advances not to occur more frequently than once per month, and such that at all times				

there remains sufficient funds to complete the Subject Property (the "Construction Advances").

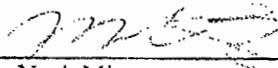
The Lender shall record the principal amount of each advance of the Loan and the payment of principal, interest and fees and all other amounts becoming due to the Lender under this agreement. The Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower for the Loan to the Lender pursuant to this agreement.

All fees that are payable to the Lender and expenses that are incurred by the Lender during the due diligence process shall be deducted from the Advance or the Deposit.

This Amendment Letter and the Commitment Letter shall be read together as one and the same document and may be executed in counterpart and delivered via facsimile or other electronic transmission. Other than as expressly set out herein, all of the terms and conditions of the Commitment Letter shall continue in full force and effect, unamended. This Amendment Letter shall not become effective until the Borrower and Lender have signed it and a copy is returned to the Lender's office by no later than 4:00pm Pacific Time on **June 20, 2012**.

Yours truly,

TREZ CAPITAL CORPORATION

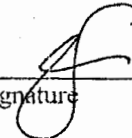
Per: 
Noah Mintz
Vice President
Lic. # M08006173

We hereby agree to the Terms and Conditions contained in this Amendment and agree to be bound by the terms hereof.

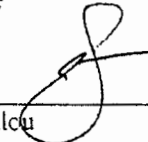
Acknowledged and agreed at Kitchener this 19th day of JUNE, 2002.

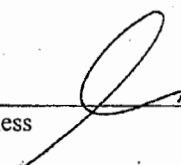
BORROWER:

1817983 Ontario Ltd.

Per: 
Authorized Signature

GUARANTORS:

Per: 
Chris Christodoulou


Witness



June 25, 2012

1817983 Ontario Ltd.
 c/o AMK Mortgages Ontario Inc.
 2171 Avenue Road
 Suite 102
 Toronto Ontario M5M 4B4

Attention: Arthur Kraus

Dear Sir:

RE: Amendment to Commitment Letter for a 1st mortgage in the amount of \$18,400,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Loan #966/12]

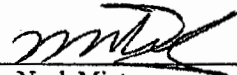
Further to the commitment letter dated March 2, 2012 (the "Commitment Letter"), we provide you with the following amendments to the terms of the 1st mortgage loan (the "Loan"), which upon execution by the Borrower and Lender shall constitute an agreement which shall bind the Borrower with respect to the Loan effective as of the date of the Commitment Letter. The Commitment Letter is hereby amended as follows:

Section	Replaced in its entirety with:
7. Expiry of the Loan Offer	It is a condition of this Commitment Letter that if the Security is not registered and in place, and the Initial Advance has not occurred on or before June 29, 2012 , the Lender shall no longer have any obligation to advance any funds to the Borrower pursuant to the terms of this Commitment Letter. All other terms and conditions of this Commitment Letter shall remain in full force and effect.

This Amendment Letter and the Commitment Letter shall be read together as one and the same document and may be executed in counterpart and delivered via facsimile or other electronic transmission. Other than as expressly set out herein, all of the terms and conditions of the Commitment Letter shall continue in full force and effect, unamended. This Amendment Letter shall not become effective until the Borrower and Lender have signed it and a copy is returned to the Lender's office by no later than 4:00pm Pacific Time on **June 26, 2012**.

Yours truly,

**TREZ CAPITAL LIMITED PARTNERSHIP
BY ITS GENERAL PARTNER
TREZ CAPITAL (2011) CORPORATION**

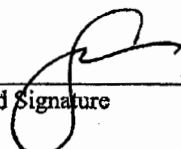
Per: 
Noah Mintz
Vice President
Lic. # M08006173

We hereby agree to the Terms and Conditions contained in this Amendment and agree to be bound by the terms hereof.

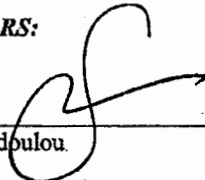
Acknowledged and agreed at Waterloo, Ontario this 25th day of JUNE, 2012


BORROWER:

1817983 Ontario Ltd.

Per: 
Authorized Signature

GUARANTORS:

Per: 
Chris Christodoulou

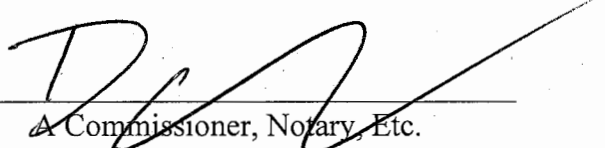

Witness

THIS IS **EXHIBIT "G"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

THIS IS **EXHIBIT "H"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD



May 16, 2012

1817983 Ontario Ltd.
c/o Chris Christodoulou
1 Queen Street North, Suite 200
Kitchener Ontario N2H 2G7

Attention: Chris Christodoulou

Dear Sir:

RE: 2nd mortgage financing in the amount of \$3,135,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Waterloo Student Housing Construction, Loan # 966/12/TO]

We are pleased to advise that we have approved a \$3,135,000 second mortgage loan (the "Loan") to 1817983 Ontario Ltd. (the "Borrower"), which shall be secured by a \$3,135,000 second mortgage charge on the Subject Property (the "Mortgage") on the terms described in this commitment letter (the "Commitment Letter"), which upon execution by the Borrower, Guarantor and Lender shall constitute an agreement which shall bind the Borrower and Guarantor with respect to the Loan. The Loan has been approved subject to the following terms and conditions.

LOAN TERMS

1. **Lender** Trez Capital Limited Partnership or its nominee (the "Lender").
2. **Borrower** 1817983 Ontario Ltd.
3. **Guarantor** The unlimited guarantee of Chris Christodoulou shall be provided for the full Loan Amount outstanding from time to time (the "Guarantor").
4. **Subject Property** Civic Address: 316-318 North King Street, Waterloo, Ontario.
5. **Additional Property** Civic Address: 312-322 North King Street, Waterloo, Ontario.
(the "Subject Property" and the "Additional Property" are collectively, the "Properties")
6. **Purpose & Use** The Loan funds shall be used to assist the Borrower with the refinancing of the Subject Property and to provide the Borrower with funds for hard and soft costs relating to the construction of a new 200 room student residence ("Tower B") on the Additional Property. The Loan funds shall at all times be used for this said purpose and for no other purpose, without the prior written consent of the Lender.
7. **Expiry of Loan Offer** It is a condition of this Commitment Letter that if the Security is not registered and in place, and the Initial Advance has not occurred on or before June 15, 2012, the Lender shall no longer have any obligation to advance any funds to the Borrower pursuant to the terms of this Commitment Letter. All other terms and conditions of this Commitment Letter shall remain in full force and effect.

Suite 1404 - 401 Bay Street, Toronto, ON Canada M5H 2Y4 Tel: 416.350.1224 Fax: 416.350.1268
info@trezcapital.com www.trezcapital.com License #: 11348, 10472



8. **Loan Amount** \$3,135,000
9. **Term** 19 months commencing from the Interest Adjustment Date.
10. **Interest Adjustment Date** Shall be the 7th day of the month immediately following the advance of funds, or such other date as shall be determined by the Lender.
11. **Interest Rate** Interest shall be charged at the greater of:
- (a) 30.00% per annum (the "Minimum Rate"); and
 - (b) a variable rate per annum (in either case, both before and after maturity, default and judgment) equal to the rate established by the HSBC from time to time as HSBC's prime lending rate for Canadian Dollar Loans ("Prime Rate") plus 27.00% on the outstanding balance of the principal sum owing from time to time for the first 18 months of the Term and 35.0% per annum thereafter. Interest shall be calculated daily and compounded and payable monthly. Overdue interest shall bear interest at the same rate as principal.
- Such interest rate shall be set with respect to amounts advanced on the day of each advance and thereafter monthly on the first day of each month. Interest shall be calculated daily on the daily balance outstanding from time to time, before as well as after maturity, default or judgment, from the date of each advance. Such Interest Rate shall be determined upon the basis of a three hundred and sixty-six (366) day year, shall be calculated in accordance with the Lender's usual practice (as to times and methods of calculation) and shall be adjusted automatically without notice to the Borrower.
- All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. All interest payable hereunder bears interest from the date of advance of any portion of the Loan to the Lender's Solicitor, whether or not such advance of the Loan is released to the Borrower or the Borrower(s) Solicitor.
12. **Amortization** N/a. Interest only.
13. **Interest Accrual Budget** \$1,125,000. The interest accrual budget (the "Interest Accrual Budget") represents the maximum amount of interest that the Lender will allow to accrue on the principal Loan Amount outstanding. If at any time during the Term the accrued interest exceeds the Interest Accrual Budget, the Borrower must pay the overage to the Lender on the next Monthly Payment. The registered Loan Amount will include the principal amount advanced, as well as the Interest Accrual Budget.
14. **Monthly 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.

Monthly Payments shall be advanced from the Interest Accrual Budget. Interest from the date of first Advance until the Interest Adjustment Date shall be deducted from the first Advance or, at the option of the Lender, may be advanced from Interest Accrual Budget. Each month, during the term hereof, the Lender shall advance the Monthly Payments due until the Interest Accrual Budget is exhausted and thereafter the Borrower shall be required to make the Monthly Payments from its own resources.

15. **Commitment Fee** \$250,000. The Commitment Fee shall be deemed to be fully earned upon acceptance of this Commitment Letter, and payable on the earlier of the date of Initial Advance and the date of expiry of this Commitment Letter.
16. **Exit Fee** \$150,000. The Exit Fee shall be earned upon acceptance of this Commitment Letter, and payable on the earlier of maturity or full repayment of this Loan. The Exit Fee shall be secured by the Security. The Mortgage shall be registered in the amount of \$3,285,000 to secure the Exit Fee.
17. **Deposit** A non-refundable deposit in the amount of \$15,000 is due and payable to the Lender (the "Deposit"). A cheque for the Deposit to "Trez Capital Limited Partnership Mortgage Brokers Act Trust" must be returned to the Lender along with a signed copy of this Commitment Letter.
- The Deposit, less any expenses incurred during the due diligence process, shall be applied towards the Commitment Fee. The Lender shall not pay any interest to the Borrower on Deposit monies held.
18. **Prepayment** The Borrower, not being in default of the Loan, may at any time after a minimum of \$452,250 interest has been earned by the Lender and paid to the Lender and after the provision of no less than 30 days written notice, which notice must contain evidence, satisfactory to the Lender, of the source of funds to be used for repayment and must contain a date certain for the repayment ("Date Certain"), repay the whole of the obligations hereby secured hereunder to the Date Certain. Should the repayment be delayed past the Date Certain, a new minimum 30 day written notice must be provided as set out herein. If prepayment occurs prior to the Date Certain, interest must be paid to Date Certain. The Date Certain must be a business day that banks in the Province of British Columbia are open for business.
19. **Partial Discharges** There shall be no partial discharges permitted.
20. **Additional Fees**
- Administration Fee:** There shall be an administration fee (the "Administration Fee") of \$300 for each land title document, certificate, confirmation, returned cheque, settlement (other than a payout statement or balance confirmation issued to the Borrower), or similar document required to be issued or executed by the Lender at the Borrower request.
- Inspection Fee:** After the initial site visit, there shall be an inspection fee (the "Inspection Fee") of \$750 for each inspection of the Subject Property done by the Lender. The Inspection Fee shall be in addition to any out of pocket expenses associated with the inspection. The Lender may inspect the Subject Property from time to time and prior to any Construction Advance.

NOT
DOUBLE
COUNTED

See construction loan agreement.

Ⓞ

21. Sources & Uses

Source		Use	
Trez Capital 1 st Mortgage	\$18,400,000	Payout Trez Capital 1 st Mortgage	\$6,450,000
Trez Capital Mezz Loan	\$3,135,000	Payout VTB 2 nd mortgage	\$1,000,000
Borrower Equity	\$1,000,000	Payout Woodmere 3 rd mortgage	\$500,000
		Mezz Loan Commitment Fee	\$250,000
		Tower B Hard & Soft Costs (including all broker fees, 1 st mortgage commitment fees and interest)	\$13,210,000
		Mezz Loan Interest Budget	\$1,125,000
Total	\$22,535,000	Total	\$22,535,000

22. Security

The Loan shall be secured by the following security (collectively, the "Security"), all of which must be in form and content satisfactory to the Lender and its Solicitor:

- a) A \$3,285,000 real property mortgage creating a charge in second priority over the Properties, which shall be cross-defaulted with all other loans, present and future, between the Lender and the Borrower or Guarantor, either individually or collectively.
- b) A guarantee and postponement of claims from the Guarantor.
- c) A completion guarantee from the Guarantor, which shall include, but not be limited to (i) completion of the Subject Property to the satisfaction of the Lender; (ii) the settlement of all liens registered from time to time against the Subject Property; and (iii) the injection of sufficient additional equity in the Subject Property if, at the Lender's sole discretion, there exists a cost-overrun.
- d) An assignment of rents, leases, contracts, licenses and offers to purchase on the Subject Property, in 2nd priority.
- e) A pledge of shares of the Borrower in favour of the Lender.
- f) A general security agreement over all the site-specific present and after-acquired personal property of the Borrower related to the Properties, in 2nd Priority.
- g) A full Lender's policy of Title Insurance underwritten by a company satisfactory to the Lender in its sole, unfettered and absolute discretion.
- h) A hazardous substance indemnity from the Borrower and Guarantor on the Properties.



- i) A specific assignment of all the Borrower right, title and interest in, to and under, all material contracts affecting, or with respect to, the Properties as required by the Lender, including without limitation all building and construction contracts, plans, permits, refundable cash deposits and/or letters of credit to the City of Waterloo and insurance policies with respect to the Properties, with all necessary consents of the other parties thereto
- j) Acknowledgement of the status and terms of any contracts affecting, or with respect to, the Properties, including without limitation, any pertaining to ownership, insurance, shared facilities, passageway agreements or other similar matters specifically, and without limitation, confirming the good standing of such contracts and the rights of the Lender under its Security.
- k) If registered title is held by a nominee or trustee, a Beneficial Owners Agreement by which all beneficial owners charge their respective beneficial interests in the Properties in favour of the Lender and authorize the nominee or trustee to execute all documentation as required pursuant to the Commitment and agree to be bound thereby as if they executed same themselves, provided that any recourse against the beneficial owners pursuant to any covenants contained in such documents shall at all times be limited to the specific obligations as herein or in their guarantees set out and required of them.
- l) If any part of the Subject Property and Additional Property is the object of a lease with the Provincial or Federal Crown as Tenant, the Borrower undertakes to deliver to the Lender, in form and content satisfactory to the Lender, an Absolute Assignment of Crown Debt (rents and other amounts due by the Crown under the lease) executed by the Borrower in favour of the Lender (the "Assignment"), and to deliver such Assignment to the Crown with an Acknowledgement from the Crown and any other documents as contemplated under the provisions of the applicable provincial or federal statutes and regulations.
- m) In the event that the security comprises a leasehold interest or a condominium, then if required by the Lender, an insurance trust agreement to adequately protect the Lender's security in the proceeds of insurance may be required.
- n) Such other security as the Lender or Lender's Solicitor may deem necessary, acting reasonably.

23. Conditions Precedent to the Disbursement of Funds

The conditions precedent to the disbursement of the Initial Advance shall include, but not be limited to the items set out in the remainder of this section, all of which must be satisfactory to the Lender in its sole, unfettered and absolute discretion, and all of which collectively comprise the Lender's due diligence. The Lender may require any additional information as it deems necessary in its sole, unfettered and absolute discretion for the Initial Advance and for any other advances (if applicable).

a) Completion and registration of the Security, as required by the Lender. Title must be acceptable to the Lender and all security documents must be registered. The Lender's Solicitor must provide a satisfactory report on registration of the Security, the Lender's Solicitor must confirm that no adverse filings concerning the Borrower have been registered in any department or agency of government which, in the Solicitor's opinion, could affect the security or priority of the Security, and all other terms and conditions of this Commitment Letter must be satisfied.

b) Inspection of the Properties by the Lender.

The Lender's receipt of the following materials:

- c) An appraisal report, no more than six (6) months old, valuing the Subject Property at no less than \$9,925,000 as-is and valuing the Additional Property at not less than \$2,000,000 as is and not less than \$16,000,000 as complete with a transmittal letter from the author of the report addressed to "Trez Capital Limited Partnership or its nominee".
- d) All required environmental reports for the Subject Property and Additional Property or older report if satisfactory to the Lender, no more than twelve (12) months old and a transmittal letter from the author of the report(s) addressed to "Trez Capital Limited Partnership or its nominee" and disclosing the amount of liability insurance that the author carries.
- e) A building condition assessment report for the Subject Property, no more than twelve (12) months old, and a transmittal letter from the author of the report(s) addressed to "Trez Capital Limited Partnership or its nominee" and disclosing the amount of liability insurance that the author carries.
- f) A geotechnical report for the Additional Property, no more than twelve (12) months old, and a transmittal letter from the author of the report(s) addressed to "Trez Capital Limited Partnership or its nominee" and disclosing the amount of liability insurance that the author carries.
- g) A rent roll for the Subject Property, which has been signed as true and dated by the Borrower. The rent roll for the Subject Property must confirm base rental revenues net of GST/HST of at least \$816,000 per annum.
- h) All leases, offers to lease or residential tenancy agreements for the Subject Property.
- i) Historical operating statements for the Subject Property for the previous two years as provided by the previous owner at the time of purchase, the current year-to-date as well as the current year operating budget.
- j) Architectural drawings, site plans, cross sections, floor layouts and building plans showing the gross square footage of the Subject Property and Additional Property as well as delineating any unit divisions or strata lots within the Subject Property and Additional Property along with net square footage for each such sub-unit.
- k) A current certified survey for the Subject Property and Additional Property.

- l) Written confirmation, addressed to the Lender, from all senior mortgagees confirming the outstanding balance of the respective senior mortgage, that the senior mortgage is in good standing, and its approval for the registration of the Lender's mortgage.
- m) Commitment letters and/or loan agreements for any senior/r mortgagees. All senior mortgage terms and conditions must be satisfactory to the Lender.
- n) Amortization schedules from any senior mortgagees (if applicable).
- o) Confirmation of the engagement of a professional quantity surveyor (the "Project Monitor"), from Pelican Woodcliff Inc. to act on behalf of the Lender throughout the duration of the intended work on Tower B at the Borrower's expense. The Lender reserves the right to retain the Project Monitor to perform work at a level to be determined satisfactory by the Lender and to change the level of work required by the Project Monitor from time to time.
- p) A report by the Project Monitor confirming that the Development Budget is sufficient to complete Tower B, the work completed to date, any applicable holdbacks, the value of any change orders, the amount of the draw request, and the cost-to-complete Tower B. The Report shall be accompanied with a transmittal letter from the author of the report addressed to "Trez Capital Limited Partnership or its nominee" and disclosing the amount of liability insurance that the author carries.
- q) Evidence, as verified by the Lender and the Project Monitor, confirming that the Borrower, exclusive of the land, has: (i) a minimum of \$1,000,000 of cash equity invested in the development of the Properties, and (ii) the work in place and materials purchased comprising this cash equity of \$1,000,000 was required for the development of the Properties; and (iii) such work and materials are useable for the said development with such equity to stay in place throughout the term of the loan.
- r) Receipt of a construction management contract between Sierra Construction ("Sierra") and the Borrower. The construction management contract shall include provisions for Sierra to provide a completion guarantee as well as a cost overrun guarantee to both the Borrower and the Lender based on a budget to be agreed upon by all parties prior to the initial Construction Advance.
- s) Confirmation that a bonded, guaranteed fixed unit price contract on terms and conditions acceptable to the Lender are in place from Sierra Construction with for 100% of the hard construction costs of the Subject Property.
- t) A cost overrun and completion guarantee agreement signed between the Borrower, the Lender and Sierra.
- u) Statutory declaration confirming that the Borrower has a minimum of \$1,000,000 of cash equity invested in the project, with such equity to stay in place throughout the term of the Loan.
- v) The Borrower's detailed development budget and schedule, indicating individual costs per line item broken out on a monthly basis.
- w) A certified pro-forma profit statement.



- x) A development permit for the Subject Property.
- y) A building permit for the Subject Property.
- z) Evidence from National Home Warranty that the Borrower, or Sierra, is a registered builder of high rise student housing in the Province of Ontario.
- aa) The letter of credit requirements and associated release requirements from the City of Waterloo.
- bb) If applicable, the Limited Partnership Unitholder Registry, signed and dated by the Borrower and a copy of the Limited Partnership Agreement. Or The General Partnership Agreement. Or The Joint Venture Agreement.
- cc) A copy of the current shareholder registry for the Borrower and any corporate Guarantors, signed and dated by the respective company's authorized signatory.
- dd) Certified financial statements from the Borrower and Guarantor. If an individual then a personal net worth statement, on the Trez Capital form, dated no more than four (4) months prior, are required, if a corporate entity then most recent financial statements is required. All statements, whether personal or corporate, must be accompanied by the most recent Notice of Assessment from Canada Revenue Agency. All Personal Net Worth Statements must include the individuals' full name, full-time occupation, Social Insurance Number, Birth date and current address.
- ee) Satisfactory results, in the Lender's sole discretion, of due diligence investigations conducted pursuant to the *Proceeds of Crime Money Laundering and Terrorist Financing Act (Canada)* and Regulations (collectively the "Act") thereunder including but not limited to the following,
 - (i) Two pieces of satisfactory identification for all Borrower/Guarantor/Signing Officer(s) (up to three Signing Officers, if borrowing under a corporate entity) prior to closing;
 - (ii) Satisfactory verification of the source of down payment funds;
 - (iii) Satisfactory verification of employment, income and assets;
 - (iv) Signed and dated application and contact information of all Borrower/Guarantor;
 - (v) Beneficial ownership information (if borrowing under a corporate entity);
 - (vi) Third Party Declaration/Statement;
 - (vii) Politically Exposed (Foreign and Domestic) Persons Declaration; and
 - (viii) Any other documentation that may be requested by the Lender in order to fulfill their obligations under the Act.
- ff) Confirmation that the Properties are in compliance with current zoning and that there are no outstanding work or fire orders, or that any such orders shall be paid from the proceeds of the Mortgage.



- g) Confirmation that all property taxes owing on the Properties have been paid or will be paid from the proceeds of the Mortgage and the Borrower is registered in the appropriate monthly property tax payment program in the appropriate city, county or jurisdiction.
- h) Insurance of the Subject Property and Additional Property which has been reviewed and approved by the Lender's Insurance Consultant which insurance shall include the coverage set out in Schedule A, or as otherwise required by the Lender in consultation with its Insurance Consultant.
- i) A Bring Down Certificate, signed by the Borrower and Guarantor, confirming that all representations and warranties set out in the Commitment Letter are true at the time of closing.
- jj) Confirmation that the Borrower is in compliance with each of the terms and conditions of this Commitment Letter. In the case of any advance, all conditions precedent pertaining to the advance must be performed no less than five business days prior to the scheduled date of the advance or the Lender shall be under no obligation to make the advance.
- kk) Such other materials and completion of such other reasonable requirements as may be deemed necessary by the Lender.

24. Real Property Taxes

All property tax payments, utilities and like amounts due and owing in relation to the Properties, or any other taxes charged against the Properties, shall be paid prior to or coincide with the Advance. The Borrower shall make arrangements to have the taxes paid by monthly installments to the appropriate taxing authority in order to have them paid in full on their due date. The Borrower is to provide evidence of same to the Lender on a quarterly basis.

In the event of a default under the mortgage security, the Lender shall have the right to require the establishment of a tax reserve by way of monthly payments representing 1/12 of the estimated taxes payable. The Lender shall not be responsible for the payment of any tax arrears.

25. Statutory Declaration

The Lender shall receive a satisfactory statutory declaration from an officer or director of the Borrower as to the representations and warranties of the Borrower, whether contained in this Commitment Letter or in any of the Security, including: accuracy of financial statements and that there has been no material adverse change in the Borrower financial conditions or operations as reflected in the financial statements used to evaluate this credit; satisfactory title to the Properties charged by the Mortgage; power and authority to execute and deliver documents; accuracy of documents delivered and representations made to the Lender; no pending adverse claims; no outstanding judgments; no defaults under other agreements relating to the Properties; preservation of assets; payment of all taxes; no other consents, approvals or authorizations necessary in connection with documentation; compliance of the Properties with all laws; no other charges against the Properties except permitted encumbrances; all necessary services available to the Properties; and such other matters as the Lender or its Solicitor may require.

26. Further Documents

Notwithstanding anything contained in this Commitment Letter, the Lender may request other documents containing such other assurances, information and covenants as the Lender's Solicitor may require with regard to the Loan and Security.



27. Funding

All fundings shall require five (5) business days notice.

The Loan shall be funded in a multiple advances as follows:

\$2,010,000 Upon completion of all legal work in form and content satisfactory to Lender and its Solicitor and registration of all Security, including, but not limited to, a valid 2nd mortgage (the "Initial Advance").

\$1,125,000 Monthly payments due will be accrued onto the Loan Amount outstanding in accordance with the Interest Accrual Budget.

The Lender shall record the principal amount of each advance of the Loan and the payment of principal, interest and fees and all other amounts becoming due to the Lender under this agreement. The Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower for the Loan to the Lender pursuant to this agreement.

All fees that are payable to the Lender and expenses that are incurred by the Lender during the due diligence process shall be deducted from the Advance or the Deposit.

REPRESENTATIONS & WARRANTIES

28. The Borrower warrant(s) and represent(s) that:

- a) Description of Properties The Subject Property is a fully leased, 10-storey student residence building with 119 rooms and 25 parking stalls located at 316-318 North King Street, Waterloo, Ontario. The Additional Property is currently 0.39 acres of vacant land but is fully zoned and site plan approved for a 12 storey, 200 room student residence located at 312-322 North King Street, Waterloo, Ontario.
- b) Appraised Value \$27,250,000. The Properties were appraised by James Griesbaum, MBA, AACI, of City Management & Appraisals (2006) Ltd. with an effective date of April 2, 2012.
- c) Ownership At the time of the Advance of the Loan, the legal owner of the Properties will be 1817983 Ontario Ltd, which is 100% owned by Chris Christodoulou, the beneficial owner.

d) Share Capital The Borrower declares and represents that its authorized share capital is as follows:

Number of Shares	Class	Shareholder's Name

e) Priority of Financing The mortgages registered against the Properties as at the funding date will be as follows:

Rank	Lender	Amount
1 st Position	Trez Capital Limited Partnership	\$18,492,000
2 nd Position	Trez Capital Limited Partnership	\$3,285,000
Total		\$21,777,000



- f) **Repayment** This Loan will be repaid from the proceeds of any refinancing or sale of the Properties and/or other assets of the Borrower.
- g) **Financial** All financial information provided by the Borrower and Guarantor to the Lender, including but not limited to, financial information provided in respect of the values and other matters pertaining to the Properties is true and accurate and may be relied upon by the Lender in executing this Commitment Letter and making the Loan.
- h) **Development Schedule & Budget** Should the Borrower be required by the Lender to provide either a development schedule or a development budget, the Properties shall proceed in accordance with the said Lender approved development schedule and/or Lender approved development budget. The Borrower shall not permit the events set out in the approved development schedule to be delayed more than 45 days from the approved schedule date and shall, within 10 days of notice of any cost over-run above and beyond the approved budget amount, pay said cost over-run from its own resources.
- i) **Legal Compliance** The Properties and the use and occupancy thereof, and revenues therefrom, are and shall be at the time of each disbursement, authorized and in accordance with all applicable legislation and there are, and shall be at the time of each disbursement, no work orders or liens outstanding against the Properties.
- j) **Hazardous Materials** The Borrower and Guarantor warrant and represent that to the best of their knowledge the Properties and existing prior uses comply and have at all times complied with all laws, regulations, orders and approvals of all governmental authorities having jurisdiction with respect to environmental matters applicable to the ownership, use, maintenance, and operation thereof (collectively, the "Environmental Laws") and, without limiting the generality of the foregoing:
- (i) The Properties have never been used as a land fill site or to store hazardous substances either above or below ground, in storage tanks or otherwise;
 - (ii) All hazardous substances used in connection with the business conducted on the Properties have at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;
 - (iii) No hazardous substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Properties as a result of the conduct of the business on the Properties; and
 - (iv) No notices of any violation of any matters referred to above relating to the Properties or their use have been received by the Borrower and there are no directions, writs, injunctions, orders or judgments outstanding, no law suits, claims, proceedings, or investigations being instituted or filed.

For the purposes of this Commitment Letter, a hazardous substance includes but is not limited to contaminants, pollutants, dangerous substances, gasoline, oil, liquid wastes, industrial wastes, whole liquid wastes, toxic substances, hazardous wastes, hazardous materials and hazardous substances as defined in or pursuant to any applicable Environmental Laws. Further, the Borrower shall indemnify and save harmless the Lender from any loss or liability whatsoever arising from any violation whatsoever of any law, regulation, ordinance, judgment, appraisal or decision in connection with hazardous risks or environmental risks.

GENERAL CONDITIONS

29. **Repayment of the Loan** The Loan shall be repayable on demand by the Lender following the occurrence of an Event of Default, and shall in any event be repaid in full at the end of the Term of the Loan. Any payment of any amount due to the Lender hereunder or in the security documents must be received by the Lender at the Lender's address by 1:00pm Pacific Standard Time on a business day, failing which such payment will be deemed to be received on the next business day.
30. **Management** The Properties is to be managed at all times by a property manager satisfactory to the Lender, and on terms satisfactory to the Lender. A change in the property manager without the Lender's approval shall constitute an event of default.
31. **Abandonment** In the event of abandonment of the Properties for a period in excess of fifteen (15) consecutive days, the Lender shall be entitled, after giving the Borrower written notice of any abandonment and provided the Borrower fails to rectify same within ten (10) days after such notice has been given, to forthwith withdraw and cancel its obligations hereunder and/or decline to advance further funds as the case may be and in addition to declare any funds advanced to forthwith become due and payable plus interest, all at the Lender's option.
32. **Liens** At all times, and in particular on each disbursement date, there shall have been full and complete compliance with all requirements of federal and provincial legislation which may give rise to a lien or other charge in priority to the Lender. The Lender may retain from any disbursement such amounts as it considers advisable to protect its interest from subordination under such legislation. The Borrower shall provide additional security, information and documentation as may be required by the Lender to preserve and ensure, in all respects, the absolute priority of the Mortgage over any rights of any existing or potential lien claimants. The Lender reserves the right to hold back additional amounts due to suppliers, contractors, government or other agencies, which may be due under the terms of any legislation giving rise to a claim of lien or other charge. Furthermore, the Lender shall have the right to make payments directly to suppliers, contractors, government or other agencies for the Borrower account as if advanced directly to the Borrower, as the Lender may deem necessary.
33. **Environmental Concerns** At the time of any disbursement of the Loan, the Lender shall be satisfied that there are not in, on, under or about the Properties, or any part thereof, any contaminants, toxic, dangerous or hazardous substances (collectively, the "Dangerous Substances") including, without limitation, UFFI (Urea Formaldehyde Foam Insulation), asbestos fireproofing insulation, PCB's (Polychlorinated Biphenyl's) or radioactive materials and, to the best of the Borrower knowledge, neither the Properties, nor any adjacent lands, have ever been used as or for a waste disposal or coal gasification site, nor have they ever contained any underground storage tanks, and further, the use of the Properties has not involved, and will not involve, during the Term of the Loan, the handling of Dangerous Substances or will such use result in any environmental damage. In addition to any liability imposed on the Borrower and Guarantor under any instrument evidencing or securing the Loan indebtedness, the Borrower and Guarantor shall be liable for any and all of the costs, expenses, damages or liabilities of the Lender, its Directors and Officers (including, without limitation, all reasonable legal fees) directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Properties of any hazardous or noxious substances and such liabilities shall survive foreclosure of the Security for the Loan and any other existing obligations of the Borrower and Guarantor to the Lender in



- respect of the Loan and any other exercise by the Lender of any remedies available to the Lender for any default of the Loan.
- 34. Restriction on Further Financing** The Borrower agrees not to enter into any further financing of the Properties and not to further encumber the Properties in any manner without the prior written approval of the Lender, which approval may be withheld in the Lender's sole discretion. The Borrower will provide evidence, satisfactory to the Lender, as to the source of the Borrower required equity in the Properties. The Borrower shall disclose to the Lender all existing or proposed financing related to the Properties or any Security used in connection therewith and shall not further pledge, charge or otherwise encumber its interest in the Properties, nor any of the Security used in connection with the Properties to any party other than the Lender, without the prior written consent of the Lender.
- 35. Sale** Except as provided in Partial Discharges section above, the Borrower shall not sell, assign, lease in its entirety or otherwise dispose of the legal ownership or title to the Properties, or its beneficial interest therein, or of the personal property related thereto or which is necessary to the use and operation of the Properties, without the prior written consent of the Lender. The Borrower shall not make any changes to the authorized share capital or allocation or ownership thereof, which would result in a change of voting control or beneficial ownership thereof without the prior written consent of the Lender.
- 36. Proceedings** The Borrower shall provide the Lender with evidence that it has taken all of the necessary corporate proceedings relating to the transactions contemplated herein.
- 37. Default** At the time of the disbursement of any part of the Loan, no default shall have occurred and be continuing, nor any state of affairs or event shall be existing which, with the passage of time or the giving of notice or both, would constitute a default hereunder or in the instruments evidencing or securing the Loan or incidental thereto and neither the Borrower or Guarantor shall be deceased or insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation, reorganization, liquidation, winding-up, dissolution, receivership or material litigation or continuation under the laws of any other jurisdiction. Any default under the Security shall be deemed to be a default hereunder.
- 38. Costs & Expenses** Whether or not the Loan is disbursed, and notwithstanding retention of the Commitment Fee by the Lender, all of the Lender's costs and expenses relating to the Loan, including legal costs and travel costs, in addition to any costs and expenses incurred by the Lender due to proceedings under the Bankruptcy and Insolvency Act relating to the Borrower, shall be borne in full by the Borrower. Such costs and expenses may be added to the then outstanding principal balance of the Mortgage and shall bear interest at the Interest Rate under the Mortgage. If requested by the Lender, the Borrower shall deposit with the Lender's Solicitor an amount equal to the estimated fees and expenses of the Lender's Solicitor prior to such Solicitor commencing preparation of the Security.
- In the event of the occurrence of an Event of Default, then the Lender 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 in the amount of (and not to exceed) \$10,000 for each month or part thereof for which the Borrower remains in default. This administration and management fee is intended to reimburse the Lender for time and trouble in the management and administration of the Security and the Properties. The said sum or sums are agreed to be a liquidated amount to cover the Lender's administration and management costs and are not intended nor shall be construed to be a penalty. All

- such sums payable to the Lender shall be a charge upon the Properties and shall bear interest at the Interest Rate until paid.
- 39. Marketing** From time to time, the Lender publishes advertisements or announcements of completed transactions. The advertisements or announcements include, but are not limited to, press releases, paid advertisements, internally displayed tombstones, investor brochures or information displayed on the internet or on the Lender's intranet. The Borrower and Guarantors consent to the publication of an advertisement or announcement of the transaction contemplated by this commitment letter. The Borrower and Guarantors agree to allow the Lender to photograph or utilize existing photographs or artistic renderings (for unfinished projects) of the Properties for possible use in internal or external marketing programs.
- During the term of the loan, the Lender may require a sign to be erected on the Properties at the cost of the Borrower and maintained by the Borrower evidencing the financing of same. The design of the sign is to be approved by the Lender prior to being erected on the Properties.
- 40. Further Assurances** The Borrower and Guarantor shall, at the Lender's request, execute or deliver such further documentation and enter into such other agreements as are necessary for the 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 entire Loan Amount.
- 41. Financial Information** Until the repayment of the Loan, the Borrower shall provide the Lender, within 120 days after the end of each fiscal year of the Borrower or more often if requested by the Lender, a detailed financial statement of the Borrower including a separate income and expense statement for the Properties, an operating statement and an updated rent roll containing relevant lease terms for the Properties, all satisfactory to the Lender in form and content.
- The financial statement is to be prepared by a chartered accountant licensed under the applicable legislation in the province where the Properties are located.
- The Borrower and Guarantor authorize the Lender to obtain such financial information as the Lender may require. Specifically, the Borrower and Guarantor consent to the Lender obtaining credit reports from the appropriate credit reporting agencies and relying on these reports when making decisions regarding advances under this Loan.
- 42. Information Updates** Until the repayment of the Loan, the Borrower shall supply the Lender with such updated information relating to any of the condition precedent requirements as the Lender may request from time to time. Such information shall be provided to the Lender within 14 days from the date of the Lender's request.
- 43. Survival of Commitment** The terms, conditions, representations and warranties expressed herein shall continue in effect as long as any part of the Loan remains outstanding and shall bind the personal representatives, heirs, successors and assigns of the Lender and the Borrower, shall enure to the benefit of the successors and assigns of the Lender and the Borrower, and shall not merge on the execution or registration of the Security. In the event of conflict between this Commitment Letter and the Security delivered hereunder, the Lender shall determine which shall prevail.

44. **Communication** All communications provided for hereunder shall be in writing, personally delivered or sent by prepaid first class mail or telecommunications, and if to the Lender addressed to the address above noted, to the attention of the President, and if to the Borrower to the address noted above. The date of receipt of any such communication shall be deemed to be the date of delivery, if delivered as aforesaid, or on the third business day following the date of mailing, as aforesaid. Any party hereto may change its address for service from time to time by notice in the manner herein provided. In the event of a postal disruption or an anticipated postal disruption, prepaid first class mail will not be an acceptable means of communication.
45. **Governing Law** This Commitment Letter shall be governed by and constituted in accordance with the laws of the province in which the Properties are situated.
46. **Waivers** Except as otherwise expressly provided herein, this Commitment Letter cannot be waived, changed, amended, discharged or terminated other than by an agreement in writing signed by the party against whom enforcement of any waiver, change, amendment, discharge or termination is sought.
47. **Other Agreements** This Commitment Letter, when accepted by the Borrower and Guarantor, will constitute the entire agreement and understanding between the parties hereto with respect to the Loan and supersedes all other prior agreements, understandings or commitments, oral or written. This Commitment Letter shall assume the accuracy of information previously supplied by the Borrower and will presuppose no material adverse change in the Borrower prior to any disbursement. Any approvals or consents required to be made or given by the Lender hereunder must be expressly given pursuant hereto and shall not be construed by the delivery or receipt of documents.
48. **Time of the Essence** Time shall be of the essence in all respects herein.
49. **Privacy Act Consent** With regard to any personal information that is provided during this application process, the Borrower and Guarantor consent to the collection, use, and disclosure of that information for the following purposes: to understand their financial status in order to approve the Loan; to meet regulatory requirements; to enable the Lender to manage and enforce the credit facility; to verify their identities. The Lender may from time to time give this personal information to credit bureaus and other financial institutions. The Lender may also share this personal information with anyone who works with or for the Lender or any individual or group investing in the Loan, and any other potential sources of business, but only as needed for the provision and enforcement of the credit facility requested.
50. **Assignment, Sale or Syndication** Neither this Commitment Letter, nor any of the Loan proceeds, may be assigned by the Borrower, but this Commitment Letter and attendant Security may be assigned by the Lender without the consent of the Borrower. The Loan terms, representations and warranties herein contained shall enure to the benefit of each assignee of the Lender. The Lender shall have the right to assign, sell, syndicate or transfer all or any portion of the Loan, and as part of any such transaction, the Lender is hereby authorized to provide to prospective participants in such transactions all information received by the Lender regarding the Borrower and the Properties. This information will be held in strict confidence between the Lender and any prospective participant in the Loan.

51. Interpretation

- a) The headings of all provisions herein are inserted as a matter of convenience only and not to define the intent of this document. The necessary grammatical changes required to apply to the parties hereto shall be assumed as though expressed.
- b) "Business Day" means a day of the week, other than Saturday, Sunday or any other day which is a statutory or a municipal holiday in the municipality in which the Properties are situated.
- c) "Event of Default" shall mean the breach of any of the terms, conditions, representations or warranties contained in this Commitment Letter, as it pertains to both the Borrower and Guarantor.
- d) "Lender" shall mean Trez Capital Limited Partnership or its nominee.
- e) "Person" includes any individual, partnership, joint venture, trust, unincorporated organization or any other association, corporation and government or any department or agency thereof.
- f) The words "hereto", "herein", "hereunder", "hereby", "Commitment Letter", "this agreement", and similar expressions used in this Commitment Letter, including the schedules attached hereto, mean or refer to this Commitment Letter and not to any particular provision, section or paragraph or other portion of this Commitment and include any instrument supplemental or ancillary hereto.
- g) The word "satisfactory" shall mean acceptable to the Lender in its absolute, sole and unfettered discretion.

52. Advance

Notwithstanding anything contained in this Commitment Letter, the advance of the Loan or any part thereof is subject to the Lender's sole, absolute, unfettered and unqualified discretion not to advance notwithstanding any and all steps taken by you or your legal counsel, including, without limitation, the registration of security documents.

53. Counterparts, Facsimile & Electronic Transmission

This agreement may be executed in any number of counterparts and by facsimile, electronic transmission or .pdf copy, each of which when so executed is deemed to be an original and all of which together shall constitute one and the same agreement.

54. Professional Advisors

Solicitor: The title report, security and all other documents relating to this financing and the processing of all legal steps with respect to advances of funds shall be prepared and carried out by Robert Cohen of the law firm of Blaney McMurty LLP, located at 2 Queen Street East, suite 1500, in the City of Toronto, Province of Ontario (Telephone: 416-593-3908).

Insurance Consultant: All insurance and bonding matters shall be reviewed and approved at the cost of the Borrower by Malcolm Aldridge of the consulting firm Intech Risk Management Inc., located at suite 400, 3 Church Street, in the City of Toronto, Province of Ontario (Telephone: 416-348-1353).

Project Monitor: The preliminary report and monthly inspections certifying each monthly claim shall be prepared by the consulting firm Pelican Woodcliff, located at 100 York Blvd, suite 608, in the City of Toronto, Province of Ontario (Telephone: 905-477-4507), who shall act as the Project Monitor on behalf of the Lender.

The Lender reserves the right to appoint such other Solicitor, Project Monitor or Insurance Consultant from time to time without the consent of the Borrower.

ACCEPTANCE

This Commitment Letter shall not become effective until the Borrower, Guarantor and Lender have signed it and a copy is returned along with the Deposit cheque in the amount of \$15,000 to the Lender's office by no later than 12:00 noon Eastern Time on May 22, 2012. The Borrower and Guarantor hereby acknowledge and agree to the terms and conditions of this Commitment Letter and authorize Trez Capital Limited Partnership to instruct its Solicitor to prepare the security documentation. The Borrower and Guarantor further acknowledge that the Commitment Fee set forth herein is a reasonable estimate of the cost incurred in granting the Loan and of holding monies available to fund same, and that the Commitment Fee shall be forfeited and payable to Trez Capital Limited Partnership as liquidated damages, and not as a penalty, if the Initial Advance under the Loan is not taken down within the time limit herein. This Commitment Letter and any fees earned as a result of this Commitment Letter, together with any expenses or costs incurred by Trez Capital Limited Partnership including, but not limited to, appraisal, re-appraisal, inspections, re-inspections, title searches, plan reviews, soil tests, survey, environmental assessments, and legal costs on a solicitor and its client basis, are deemed to be a charge on the Properties referred to herein and Trez Capital Limited Partnership may file and maintain a caveat on the title to the Properties to protect that charge and the Borrower and Guarantor do hereby mortgage to Trez Capital Limited Partnership all its estate and interest in the said Properties and Security. This Commitment Letter supersedes all previous correspondence between the parties hereto.

Please set out below the name and phone number (including area code) of the solicitor representing you:

Lawyer Nick Gehl
Firm Gehl & Gehl
Phone Number 519-886-8120

Please set out below the name and phone number (including area code) of the insurance agent representing you:

Insurance Agent SIMON WONG (PLEASE PRINT)
Firm BERNHARDT INSURANCE (PLEASE PRINT)
Phone Number (PLEASE PRINT)

Yours Truly,
TREZ CAPITAL LIMITED PARTNERSHIP
BY ITS GENERAL PARTNER
TREZ CAPITAL (2011) CORPORATION

Per: Noah Mintz
Vice President
Lic. # M08006173

Per: Robert Perkins
Executive Vice President




We hereby agree to the terms and conditions contained in this Commitment Letter and agree to be bound by the terms hereof

Dated at the City of Kitchener, in the Province of Ontario, this 18th day of May, 2012.

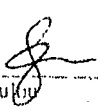
BORROWER

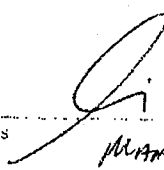
1817983 Ontario Ltd

Per: 
Authorized Signature

I/We have Authority to bind the Coporation

GUARANTOR:

Per: 
Chris Christodou

Witness 
MARIA PLOTOGEA.

SCHEDULE 'A'
INSURANCE

The Borrower shall obtain and maintain during the Term of the Loan the following insurance coverage with respect to the Subject Property and the property related thereto or used for its operation, which insurance shall be reviewed by the Lender's Insurance Consultant as set out in the Commitment Letter, prior to any advance of funds.

1. Upon substantial completion of the Subject Property and Additional Property

- (i) **Fire Insurance:** A fire insurance policy with extended coverage for all other risks and perils for an amount equal to one hundred percent (100%) of the gross replacement cost for the building erected on the Subject Property, without deduction for foundation and footings; said policy shall inter alia provide for replacement cost endorsement, deletion from the policy of any provision requiring reconstruction on same or adjacent sites, coverage of direct and indirect damage resulting from leakage of fire protection equipment, an endorsement to the effect that the policy will cover any additional costs of reconstruction as a result of enforcement of current building by-laws and regulations, and loss to be payable to the Lender as a second-ranking mortgage creditor on the Subject Property and a second-ranking mortgage creditor on the Additional Property in accordance with the CBC 3000 mortgage clause approved by the Insurance Bureau of Canada including, without limitation, that such policy will not be cancelled, terminated or permitted to expire unless the Lender shall first receive a thirty (30) days prior written notice of the same. Such policy of insurance shall not contain a percentage co-insurance endorsement other than a one hundred percent (100%) stated amount co-insurance endorsement.
- (ii) **Boiler and Machinery Insurance:** A broad form boiler insurance policy with coverage on all electrical and mechanical equipment, as well as all pressure vessels; such policy shall contain a rider with the standard mortgage clause approved by the Canadian Boiler and Machinery Underwriters' Association, with proceeds payable to the Lender as second-ranking mortgage creditor on the Subject Property and a second-ranking mortgage creditor on the Additional Property and such policy shall provide inter alia for the same terms and conditions as set out in paragraph 1(i) above.
- (iii) **Liability Insurance:** A general liability insurance policy covering corporeal and material damages in an amount of not less than Five Million Dollars (\$5,000,000) per occurrence. The Policy shall include limited pollution coverage.
- (iv) **Rental Insurance:** A rental income insurance policy for a period of indemnity of, at minimum, twenty-four (24) months for an amount equal to, at minimum, one hundred per cent (100%) of the actual or projected gross annual rents (or the net rents plus the amount of the operating expenses from the Subject Property).

2. For Properties Under Construction

- (i) **All Risks Builders Course of Construction including flood and earthquake on:**
 - a. One hundred percent (100%) of the estimated final construction cost of the Subject Property, including reasonable soft costs;
 - b. One hundred percent (100%) of the anticipated annual rents (assuming full occupancy) written on a delayed income basis.
 - c. The policy shall allow for partial or full occupancy. All other terms and conditions shall apply as if there were a fire with extended coverage policy in force as described above in paragraph 1(i).
- (ii) The liability coverage as described more fully in paragraph 1(iii) above. However, if the construction cost is in excess of Ten Million Dollars (\$10,000,000), then a wrap-up liability is



required with a limit of not less than Ten Million Dollars (\$10,000,000) and must include all contractors, subcontractors and trades.

- (iii) Engineers' errors and omission insurance for at least Five Hundred Thousand Dollars (\$500,000) or such greater amount as the Lender may reasonably require.

3. **Additional Insurance**

In addition to any of the foregoing, the Lender shall be entitled to request that the Borrower obtain any other insurance coverage it deems necessary, useful or appropriate.

The provisions relating to cancellation of the insurance policies or alteration clauses in the policies, including the mortgage clause, shall provide that a prior written notice of not less than thirty (30) days must, in such event, be given to the Lender.

All proceeds of insurance from insurance policies maintained, other than liability insurance, shall be paid to the Lender and at the option of the Lender may either be applied on account of the Loan, whether or not the same may be due and payable, and interest thereon and any other sums payable in respect thereof, or held by it as part of the Lender's security and, so long as the Borrower is not in default, may be subject to withdrawal by the Borrower in instalments on a cost-to-complete basis, as the repair or replacement progresses, subject to the Lender's receipt of appropriate certificates, opinions and other documents as required by it and Lender's Solicitor.

If the Lender's security is by way of a leasehold mortgage, then notwithstanding the provisions of the immediately preceding paragraph, but provided that the Lender, its Insurance Consultant and its Solicitor are satisfied that the proceeds of insurance shall be applied to rebuilding and are otherwise completely satisfied with the provisions of all arrangements made with the ground lessor and an insurance trustee in respect thereof, the proceeds payable under the policies referred to above, other than liability insurance may be payable to the insurance trustee under and in accordance with an insurance trust agreement, satisfactory to the Lender, its Insurance Consultant and its Solicitor.

The Borrower shall provide to the Lender such evidence as the Lender may request that all of the above required insurance is in place prior to any advance of the Loan being made.

All required insurance policies shall be forwarded to the Lender's Insurance Consultant for verification and approval, at the expense of the Borrower, prior to the disbursement of the Initial Advance of the Loan.



Loan No: 96612

Disclosure to Borrower

Mortgage Brokerages, Lenders and Administration Act

Important

This document must be provided to the borrower 2 business days prior to the signing of any mortgage instruments, unless waived below.

Property to be mortgaged: 312-322 King Street North, Waterloo, Ontario

Details of Mortgage:

The Principal amount of the second mortgage to be repaid by the borrower will be \$2,010,000 to be advanced in a single installments with the first advance to be advanced on June 10, 2012 (subject to change) with payments commencing on July 7, 2012 (subject to change).

The principal amount of the mortgage will bear interest at 30.00% per year for the initial 18 months and 35% per year thereafter, and will be repayable upon loan maturity. Where the annual interest rate may change, the method of determining the annual interest rate is: the greater of HSBC prime rate + 27.00% and 30.00%.

Interest will begin to accrue on the Closing Date of June 10, 2012 (subject to change).

The mortgage will be interest only and interest is to be compounded monthly.

The Total amount of all payments over the initial 18 month term of the mortgage will be \$1,125,000 (assuming the full amount is drawn). Each payment made on the mortgage must be applied first to the accumulated cost of borrowing and then to the outstanding principal.

Terms and Conditions:

- *General Terms / Conditions:* See lender Commitment Letter for details
- *Prepayment Privileges:*
- *Transferability:*
- *Method of Payment:*
- *Special Conditions:*
- *Particulars / Penalties:*
- *Additional Comments:*
- *Optional Services:*

Fees and Costs Payable by the Borrower

Costs Included in APR		Costs Excluded from APR	
Commitment Fee	\$250,000	Insurance Review	TBD
Exit Fee	\$150,000	Legal Fees/ Disbursements (est.)	TBD
		Appraisal or Inspection (if any)	TBD
Total Costs (Incl. APR):	\$400,000	Total Costs (Excl. from APR)	TBD

Total Cost of Borrowing: APR: 48.94%
 Total Costs (incl. in APR) of \$400,000 + interest to be paid during the term of the mortgage of \$1,158,000 = **\$1,558,000.**



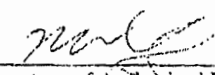
Referral Fees Paid to Brokerage and Broker / Agent:
 The Commitment Fee and Exit Fee are payable to an affiliated or related company of the lender.

Conflicts of Interest:
 The broker / Agent has the following relationship which may be perceived as a conflict of interest:

- The Broker / Agent is representing the Lender and not the Borrower in this transaction.
- The Broker / Agent is an affiliated or related company of the lender.
- The Broker / Agent has acted solely for the lender during the previous fiscal year.

Name and Address of Brokerage: Trez Capital, Suite 1404, 401 Bay Street, Toronto, Ontario, M5H 2Y4
 Licensing: 10472


Name of Authorized Person signing on behalf of the Brokerage: Noah Mintz
Title of this Authorized Person: Vice President, Lending
 Licensing: M08006173

Date: 5/17/2012 
Signature of Authorized Person

Material Risks associated with Mortgage Borrowing:
 The Borrower acknowledge that the Brokerage and Broker / Agent have reviewed and discussed the material risks of mortgage financing. These risks include, but are not limited to, such items as the consequences of default in payment or other term of the mortgage which may result in the lender taking action against us; the prepayment penalties in the mortgage, if any; the mortgage may not be renewable at maturity; and any risk that a change in our income or other personal circumstances may create.


ACKNOWLEDGEMENT

I / we acknowledge receipt of a copy of this form and that I / we have reviewed the information herein. The Broker / Agent has explained the Risks and Benefits associated with this transaction

Date: May 18 / 2012 Borrower: 

Date: _____ Borrower: _____

I / we waive the 48 hour requirement for this disclosure:

Date: May 18 / 2012 Borrower: 

Date: _____ Borrower: _____



June 25, 2012

1817983 Ontario Ltd.
 c/o AMK Mortgages Ontario Inc.
 2171 Avenue Road
 Suite 102
 Toronto Ontario M5M 4B4

Attention: Arthur Kraus

Dear Sir:

RE: Amendment to Commitment Letter for 2nd mortgage financing in the amount of \$3,135,000 to be secured by a 10 storey, 119 room student residence, 25 underground parking stalls and additional vacant land located at 312, 316-318 & 322 North King Street in Waterloo, Ontario (the "Subject Property") [Waterloo Student Housing Construction 2nd Mortgage, Loan # 997/12/TO]


Further to the commitment letter dated May 16, 2012 (the "Commitment Letter"), we provide you with the following amendments to the terms of the 1st mortgage loan (the "Loan"), which upon execution by the Borrower and Lender shall constitute an agreement which shall bind the Borrower with respect to the Loan effective as of the date of the Commitment Letter. The Commitment Letter is hereby amended as follows:

Section	Replaced in its entirety with:
7. Expiry of the Loan Offer	It is a condition of this Commitment Letter that if the Security is not registered and in place, and the Initial Advance has not occurred on or before June 29, 2012 , the Lender shall no longer have any obligation to advance any funds to the Borrower pursuant to the terms of this Commitment Letter. All other terms and conditions of this Commitment Letter shall remain in full force and effect.

This Amendment Letter and the Commitment Letter shall be read together as one and the same document and may be executed in counterpart and delivered via facsimile or other electronic transmission. Other than as expressly set out herein, all of the terms and conditions of the Commitment Letter shall continue in full force and effect, unamended. This Amendment Letter shall not become effective until the Borrower and Lender have signed it and a copy is returned to the Lender's office by no later than 4:00pm Pacific Time on **June 26, 2012**.

Yours truly,

**TREZ CAPITAL LIMITED PARTNERSHIP
BY ITS GENERAL PARTNER
TREZ CAPITAL (2011) CORPORATION**

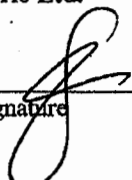
Per: 
Noah Mintz
Vice President
Lic. # M08006173

We hereby agree to the Terms and Conditions contained in this Amendment and agree to be bound by the terms hereof.

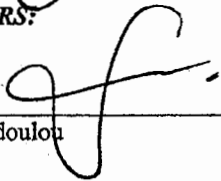
Acknowledged and agreed at Waterloo, On this 25th day of June, 2002

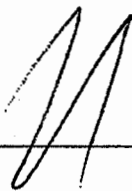
BORROWER:

1817983 Ontario Ltd.

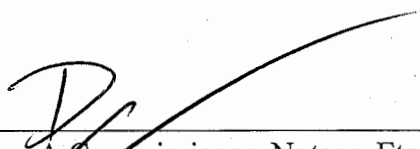
Per: 
Authorized Signature

GUARANTORS:

Per: 
Chris Christodoulou


Witness

THIS IS **EXHIBIT "I"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

WATERLOO STUDENT RESIDENCES - MEZZ LOAN

Loan No. 967/12 TO

Mortgage Statement

Registered Loan Amount : \$3,285,000.00

Interest rate : Greater of 30.00% and HSBC Prime rate +27.00% p.a. for the 1st 18 months and 35% p.a. effective Jan. 1, 2014

Term : 19 months

Maturity date: Feb. 7, 2014

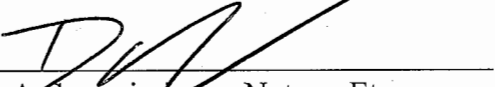
HSBC Prime Rates:

Effective Sept. 9, 2010 = 3.0%

E & OE

Particulars	Date		No. of Days	Interest Rate p.a.	PRINCIPAL	INTEREST		LOAN BALANCE	Interest Budget
	From	To				Charge	Payment		
1st Advance - June 25, 2012					2,010,000.00			2,010,000.00	
Interest to IAD	25-Jun-12	6-Jul-12	12	30.00%		19,770.49		19,770.49	(19,770.49)
Balance as of July 7, 2012					2,010,000.00	19,770.49		2,029,770.49	1,105,229.51
Interest	7-Jul-12	6-Aug-12	31	30.00%		51,576.14		51,576.14	(51,576.14)
Balance as of August 7, 2012					2,010,000.00	71,346.630.00		2,081,346.63	1,053,653.37
Interest	7-Aug-12	6-Sep-12	31	30.00%		52,886.68		52,886.68	(52,886.68)
Balance as of September 7, 2012					2,010,000.00	124,233.31	0.00	2,134,233.31	1,000,766.69
Interest	7-Sep-12	6-Oct-12	30	30.00%		52,481.15		52,481.15	(52,481.15)
Balance as of October 7, 2012					2,010,000.00	176,714.46	0.00	2,186,714.46	948,285.54
Interest	7-Oct-12	6-Nov-12	31	30.00%		55,564.06		55,564.06	(55,564.06)
Balance as of November 7, 2012					2,010,000.00	232,278.52	0.00	2,242,278.52	892,721.48
Interest	7-Nov-12	6-Dec-12	30	30.00%		55,138.00		55,138.00	(55,138.00)
Balance as of December 7, 2012					2,010,000.00	287,416.61	0.00	2,297,416.62	837,683.49
Interest	7-Dec-12	31-Dec-12	25	30.00%		47,078.21			
Interest	1-Jan-13	6-Jan-13	6	30.00%		11,329.73			
Total						58,407.93		58,407.93	(58,407.93)
Balance as of January 7, 2013					2,010,000.00	345,824.45	0.00	2,355,824.45	779,175.55
Interest	7-Jan-13	6-Feb-13	31	30.00%		60,025.12		60,025.12	(60,025.12)
Balance as of February 7, 2013					2,010,000.00	405,849.57	0.00	2,415,849.57	719,150.43
Interest	7-Feb-13	6-Mar-13	28	30.00%		55,597.63		55,597.63	(55,597.63)
Balance as of March 7, 2013					2,010,000.00	461,447.20	0.00	2,471,447.20	663,552.79
Interest	7-Mar-13	6-Apr-13	31	30.00%		62,971.12		62,971.12	(62,971.12)
Balance as of April 7, 2013					2,010,000.00	524,418.32	0.00	2,534,418.32	600,581.67
Interest	7-Apr-13	10-Apr-13	4	30.00%		8,332.33		8,332.33	(8,332.33)
Balance as of April 11, 2013					2,010,000.00	532,750.65	0.00	2,542,750.65	592,249.34
Add: Default Administration Fee - (\$10,000 per month) for Nov. 2012, Dec. 2012, Jan. 2013, Feb. 2013, Mar. 2013 and April 2013								80,000.00	
Exit fee								150,000.00	
Total Amount due on April 11, 2013								2,752,750.65	
Per dier interest - April 11 -30, 2013								2,083.08	

THIS IS **EXHIBIT "J"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013


A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

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

Properties

PIN 22361 - 0416 LT *Interest/Estate* Fee Simple

Description 1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB.LOT 13 G.C.T., AS IN 1121892; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418; SUBJECT TO AN EASEMENT FOR ENTRY AS IN WR251469; CITY OF WATERLOO

Address 316 KING STREET NORTH
WATERLOO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1817983 ONTARIO LTD.

Address for Service 1 Queen Street North
Kitchener, Ontario
N2H 2G7

I, Christodoulos Christodoulou, President, have the authority to bind the corporation.

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

Chargee(s)	Capacity	Share
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<i>Name</i>	COMPUTERSHARE TRUST COMPANY OF CANADA
<i>Address for Service</i>	100 University Avenue, 9th Floor Toronto, Ontario M5J 2Y1

Statements

Schedule: See Schedules

Provisions

<i>Principal</i>	\$ 18,492,000.00	<i>Currency</i>	CDN
<i>Calculation Period</i>	See Schedule		
<i>Balance Due Date</i>	2014/02/07		
<i>Interest Rate</i>	See Schedule		
<i>Payments</i>			
<i>Interest Adjustment Date</i>	2012 07 07		
<i>Payment Date</i>	7th monthly		
<i>First Payment Date</i>	2012 08 07		
<i>Last Payment Date</i>	2014 02 07		
<i>Standard Charge Terms</i>	200033		
<i>Insurance Amount</i>	full insurable value		
<i>Guarantor</i>			

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

Signed By

Roman Michael Yaroslaw Pekaruk	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Chargor(s)	Signed	2012 06 25
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Tel 4165931221

Fax 4165935437

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

Submitted By

BLANEY MCMURTRY LLP	2 Queen Street East Suite 1500 Toronto M5C 3G5	2012 06 25
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Tel 4165931221

Fax 4165935437

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargee Client File Number : 0892260057

**This is a Schedule attached to a Charge/Mortgage
between 1817983 ONTARIO LTD. (the "Chargor")
and COMPUTERSHARE TRUST COMPANY OF CANADA (the "Chargee")
as guaranteed by Christodoulos Christodoulou (the "Covenantor")
relating to 312, 316 - 318 and 322 King Street North, Waterloo, Ontario (the "Premises")**

NON-MERGER

The Chargor and the Covenantor by way of a separate Guarantee and Postponement of Claim, hereby acknowledge the terms, conditions, obligations, liabilities, warranties and representations contained in the Commitment Letter issued by TREZ CAPITAL CORPORATION on behalf of the Chargee, entered into with the Chargor and the Covenantor dated March 2, 2012 (hereinafter referred to as the "Mortgage Commitment") shall not merge on the closing and registration or delivery of the mortgage loan security, including, but not limited to the Charge on the Premises, but shall remain in full force and effect, notwithstanding the delivery and registration of the said security.

In the event of any inconsistency or conflict between any of the provisions of the Mortgage Commitment and any of the provisions of the Charge, the provisions of the Mortgage Commitment shall prevail.

INTEREST RATE

Interest shall be charged at the greater of 8.00% per annum (the "Minimum Rate") and a variable rate per annum (in either case, both before and after maturity, default and judgment) equal to the rate established by HSBC Bank Canada ("HSBC") from time to time as HSBC's prime lending rate for Canadian dollars loans ("Prime Rate") plus five per cent (5.00%) on the outstanding balance of the principal sum owing from time to time for the first 18 months of the Term and 20.0% per annum, thereafter. Interest shall be calculated daily and compounded and payable monthly. Overdue interest shall bear interest at the same rate as principal.

Such interest rate shall be set with respect to amounts advanced on the day of each advance and thereafter monthly on the first day of each month. Interest shall be calculated daily on the daily balance outstanding from time to time, before as well as after maturity, default or judgment, from the date of each advance. Such Interest Rate shall be determined upon the basis of a three hundred and sixty-five (365) day year, shall be calculated in accordance with the Chargee's usual practice (as to times and methods of calculation) and shall be adjusted automatically without notice to the Chargor.

All interest rates specified are nominal annual rates. The effective annual rate in any case will vary with payment frequency. All interest payable hereunder bears interest as well after as before maturity, default and judgment with interest on overdue interest at the applicable rate payable hereunder. All interest payable hereunder bears interest from the date of advance of any portion of the loan to the Chargee's solicitor, whether or not such advance of the loan is released to the Chargor or the Chargor's solicitor.

In all other respects, interest shall be paid in accordance with the provisions of the Mortgage Commitment.

FINANCIAL STATEMENTS

The Chargor shall provide the Chargee, within 120 days after the end of each fiscal year of the Chargor, or more often if requested by the Chargee, a detailed financial statement of the Chargor including a separate income and expense statement for the Premises, an operating statement and updated rent roll containing relevant lease terms for the Premises, all satisfactory to the Chargee in form and content. The financial statement is to be prepared by an accountant licensed under the *Public Accounting Act*.

The Chargor authorizes the Chargee to obtain such additional financial information as the Chargee may require.

PREPAYMENT

The Chargor, when not in default, may at any time, after a minimum of six (6) months interest has been earned by the Chargee and paid to the Chargee and after the provision of no less than 30 days written notice, which notice must contain evidence satisfactory to the Chargee, of the source of funds to be used for repayment and must contain a date certain for the repayment ("Date Certain"), repay the whole of the obligations hereby secured hereunder to the Date Certain. Should the repayment be delayed past the Date Certain Date, a new minimum 30 day written notice must be provided as set out herein. If prepayment occurs prior to the Date Certain, interest must be paid to Date Certain. The Date Certain must be a business day that banks in the Province of British Columbia are open for business.

PARTIAL DISCHARGES

In accordance with the provisions of the Mortgage Commitment, no partial discharges are permitted.

INSURANCE

Insurance shall be provided to the Chargee in accordance with the provisions of Paragraph 16 of Standard Charge Terms 200033 and in accordance with the provisions of the Mortgage Commitment and shall be subject to the review and approval of the Insurance Consultant of the Chargee as contemplated in the Mortgage Commitment.

DUE ON SALE

Section 14 of Standard Charge Terms No. 200033 is hereby deleted and replaced with the following:

- (a) "The Chargor covenants and agrees with the Chargee that in the event of the Chargor selling, conveying, transferring or entering into an agreement for sale or transfer of title of the Premises hereby mortgaged to a purchaser or transferee not approved, in writing, by the Chargee, which approval shall not unreasonably be withheld, all monies hereby secured with accrued interest thereon shall at the option of the Chargee forthwith become due and payable."
- (b) "The Chargor Acknowledges and agrees that in the event there is any transfer or sale of the shares of or reconstituting of the Chargor which would result in a change of voting control or beneficial ownership thereof, such change shall be subject to the Chargee's prior written consent."

Except as provided for in the Partial Discharges section above, the Chargor shall not sell, assign, lease in its entirety or otherwise dispose of the legal ownership or title to the Premises, or its beneficial interest therein, or of the personal property related thereto or which is necessary to the use and operation of the Premises, without the prior written consent of the Chargee. The Chargor shall not make any changes to the authorized share capital or allocation or ownership thereof, which would result in a change of voting control or beneficial ownership thereof without the prior written consent of the Chargee.

PROPERTY MANAGEMENT

The Chargor shall maintain at all times a property manager for the Premises satisfactory to the Chargee. The Chargee acknowledges that the property manager at the date hereof is presently acceptable.

The Chargee shall have the right from time to time in the event of a specific concern in the sole opinion of the Chargee, to request an accounting from the property manager. In addition, the Chargee shall be entitled to inspect the Premises periodically and/or to appoint a monitor to conduct such inspections. The Chargee and/or any monitor when so appointed shall have the power to:

- (a) inspect physical status of the Premises and to make or cause to be made such tests and inspections in connection therewith as it may deem advisable; and

- (b) review the management and financial position of the business being conducted at the Premises, and for such purpose shall have full access to all books and records relating to same.

The Chargee will not, by virtue only of the exercise of the foregoing rights, be deemed a mortgagee-in-possession of the Premises.

RECEIVERSHIP

At the option of the Chargee, it shall constitute a default hereunder if the Chargor or the Covenantor shall become insolvent or be the subject of any bankruptcy, arrangement with creditors, proposal, amalgamation or any transaction or series of transactions which results in a change in control of the Chargor, re-organization, or any liquidation, winding-up, dissolution, or receivership or without the Chargee's consent, seeks continuation under the laws of any other jurisdiction. In the event of a default by the Chargor under this Charge, or if the Chargor or the Covenantor seeks relief under the *Companies' Creditors Arrangement Act* or other debtor relief legislation, the Chargor will, if requested by the Chargee establish a separate project bank account for the Premises.

Provided and without in any way limiting anything herein contained, in the event that:

- (a) The Chargor makes default in the payment of any principal or interest or any other monies required to be paid by the Chargor hereunder;
- (b) The Chargor fails to observe or perform any other covenant or agreement herein contained;
- (c) Any representation or warranty made herein by the Chargor is at any time while this Charge is outstanding not true;
- (d) Any construction lien is registered against any part of the Premises and is not removed within thirty-five days;
- (e) An order is made or a resolution passed for the winding up of the Chargor, or if a petition is filed for the winding up of the Chargor;
- (f) The Chargor becomes insolvent or makes an unauthorized assignment or bulk sale of the Chargor's assets or if a bankruptcy petition is filed or presented against the Chargor;
- (g) Any proceedings with respect to the Chargor are commenced under *The Companies Creditors Arrangement Act*;
- (h) An execution, sequestration, extent or any other process of any court becomes enforceable against the Chargor or if a distress or analogous process is levied upon the Premises or any part thereof, provided such execution, sequestration, extent, process of court, distress or analogous process is not in good faith being disputed by the Chargor;
- (i) The Chargor shall permit any sum which has been admitted as due by the Chargor or is not disputed to be due by the Chargor and which forms, or is capable of being made, a charge upon any of the Premises in priority to or ranking equally with the charge of this Charge to be or remain unpaid;
- (j) Any charge or encumbrance created or issued by the Chargor having the nature of a fixed and/or floating charge shall become enforceable, whether ranking in priority to, or pari passu with this Charge; or,
- (k) The Chargor ceases or threatens to cease to carry on its business or if the Chargor commits or threatens to commit any act of bankruptcy;

then, and in any such event, this Charge shall, at the option of the Chargee, be deemed to be in default.

Provided that, and notwithstanding anything herein contained, it is agreed that at any time and from time to time when this Charge shall be in default, and whether or not the principal has been accelerated, the Chargee may, with or without entry into possession of the Premises or any part thereof, and whether or not there has been such entry, by writing under its hand or at its option by application to a court of competent jurisdiction, for and during the period of such default, appoint a

receiver-manager (the "Receiver") of the Premises or any part thereof and of the rents and profits thereof, or of only the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any Receiver and appoint another and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor. Upon the appointment of a receiver, the following provisions shall apply:

- (a) A statutory declaration of the Chargee as to default under this Charge shall be conclusive evidence thereof for the purpose of the appointment of such Receiver;
- (b) Every such Receiver shall be the agent or attorney of the Chargor, whose appointment is irrevocable by the Chargor, for the collection of all rents or other money receivable in respect of the Premises or any part thereof, and the Chargor covenants and agrees to cooperate with and assist the receiver and execute such documentation as the receiver shall reasonably require, in order to effect the aforesaid purposes;
- (c) The Chargee may from time to time in writing fix the remuneration of the Receiver;
- (d) The Receiver shall so far as concerns responsibility for the Receiver's acts or omissions be deemed the agent or attorney of the Chargor and in no event the agent of the Chargee;
- (e) The appointment of the Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect, and such appointment or anything which may be done by the Receiver or the removal of the Receiver or the termination of the receivership shall not have the effect of constituting the Chargee a mortgagee in possession in respect of the Premises or any part thereof;
- (f) The Receiver shall have power to exercise any of the powers or discretions of the Chargee hereunder, and may rent or license for use any part of the Premises which may become vacant for such term and subject to such provisions as the Receiver may deem advisable or expedient, and in doing so the Receiver shall act as the attorney or agent of the Chargor and shall have the authority to execute under seal any lease in the name of and on behalf of the Chargor, and the Chargor undertakes to ratify and confirm whatever the Receiver may do in connection with the Premises;
- (g) The Receiver shall have power to construct or complete any unfinished construction upon the Premises so that the Premises and the buildings thereon so completed shall be a complete structure;
- (h) The Receiver shall have power to manage, operate, amend, repair, alter or extend the Premises or any part thereof as it deems expedient in the name of the Chargor and to carry on or concur in carrying on all or any part of the business of the Chargor;
- (i) The Receiver may borrow or raise money on the security of all or any part of the Premises in priority to or ranking equal with or subordinate to the charge of this Charge for such purpose as may be approved by the Chargee;
- (j) The Receiver shall not be liable to the Chargor to account for money or damages other than the money actually received by the Receiver in respect of the Premises or any part thereof, and out of such money so received the Receiver shall, subject to other written directions from the Chargee, pay or make reasonable reserves for payment in the following order:
 - (i) the Receiver's remuneration and disbursements;
 - (ii) all obligations incurred by the Receiver in connection with the management, including leasing and licensing, operation, amendment, repair, alteration or extension of the Premises or any part thereof, and in borrowing or raising money on the security of the Premises, or any part thereof;
 - (iii) interest, principal and other money which may from time to time be or become charged upon the Premises in priority to this Charge, and all taxes, insurance premiums and every other proper expenditure made or incurred by the Receiver in respect of the Premises or any part thereof;
 - (iv) to the Chargee all amounts due under this Charge and to the extent elected by the Chargee, amounts to become due hereunder for no more than two (2) months;

- (v) and thereafter any surplus remaining in the hands of the Receiver shall be payable to the Chargor.
- (k) The Chargee may at any time and from time to time terminate any such receivership by notice in writing under its hand to the Chargor and to the Receiver; and
- (l) Save as to surplus money payable to the Chargor, the Chargor releases and discharges the Chargee and the Receiver from every claim of every nature, whether in damages or otherwise, arising by reason of anything done by the Chargee or the Receiver under the provisions of this section, unless such claim be the direct and proximate result of dishonesty or gross neglect.

ENVIRONMENTAL

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

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

In these provisions, "Requirements of Environmental Law" means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgements and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or health or fire or safety matters, or any of them and the Premises and the activities carried out thereon (whether in the past, present or the future) including, but not limited to, all such requirements relating to: (i) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid waste; and (iii) substances or conditions that are prohibited, controlled or otherwise regulated or are otherwise hazardous in fact (collectively "Hazardous Substances") such as contaminants, pollutants, toxic, dangerous or hazardous substances, toxic, dangerous or hazardous materials, designated substances, controlled products, including without limitation, wastes, subject wastes, urea formaldehyde foam type of insulation, asbestos or asbestos-containing materials, polychlorinated biphenyls ("PCB's") or PCB contaminated fluids or equipment, explosives, radioactive substances, petroleum and associated products, underground storage tanks or surface impoundments and (iv) the securing, protection, preservation and remediation of health, fire and/or safety concerns.

- (a) The Chargor, to the best of its knowledge and based on the environmental assessment report provided to the Chargee as of the date hereof, warrants and represents that:
 - (i) The Premises have never been used as a land fill site or to store Hazardous Substances either above or below ground, in storage tanks or otherwise;
 - (ii) All Hazardous Substances used in connection with the business conducted on the Premises has at all times been received, handled, used, stored, treated, shipped and disposed of in strict compliance with all Environmental Laws;

- (iii) No Hazardous Substances have been released into the environment or deposited, discharged, placed or disposed of at, on or near the Premises as a result of the conduct of the business on the Premises; and
- (iv) No notices of any violation of any matters referred to above relating to the Premises or its use have been received by the Chargor and there are no directions, writs, junctions, orders or judgements outstanding, no law suits, claims, proceedings, or investigations being instituted or filed.

For the purposes of the Mortgage Commitment, a Hazardous Substance includes but is not limited to contaminants, pollutants, dangerous substances, gasoline, oil, liquid wastes, industrial wastes, whole liquid wastes, toxic substances, hazardous wastes, hazardous materials and hazardous substances as defined in or pursuant to any applicable Environmental Laws. Further the Chargor shall indemnify and save harmless the Chargee from any loss or liability whatsoever arising from any violation whatsoever of any law, regulation, ordinance, judgment, appraisal or decision in connection with hazardous risks or environmental risks.

The Chargor covenants that it will:

- (i) remedy forthwith, at its own expense, any environment damage that may occur or be discovered on the Premises in the future;
- (ii) comply with and monitor, on a regular basis, its compliance and the compliance of any tenant, subtenant, assignee or other occupant of the Premises with all Requirements of Environmental Law;
- (iii) notify the Chargee promptly of any event or occurrence that has given, or is likely to give, rise to a report, order, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Chargor or the Premises or any action, suit or proceeding against the Chargor or others having an interest in the Premises relating to, or a violation of, the Requirements of Environmental Law, including any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration of Hazardous Substances into, on or under the Premises, air and surface and ground water; and will also notify the Chargee promptly of any such above-mentioned information of which the Chargor has or receives knowledge relating to lands adjacent to the Premises;
- (iv) not lease or consent to any sub-lease or assignment of any part of the Premises to a tenant, sub-tenant or assignee who may engage in, nor permit any tenant, subtenant, assignee or occupant of the Premises to engage in, a business involving the generation of environmental contamination or the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, on, under or from the Premises save and except in accordance with the Requirements of Environmental Law, and any lease, sub-lease, or assignment of any part of the Premises shall preserve as against any lessee, sub-lessee or assignee all of the rights of the Chargee herein;
- (v) save and except for those Hazardous Substances which are present on, in or under the Premises in accordance with Requirements of Environmental Law and which have been disclosed to the Chargee in writing remove, in accordance with all Requirements of Environmental Law, any Hazardous Substances from the Premises forthwith upon their discovery and advise the Chargee forthwith in writing of the procedures taken;
- (vi) provide to the Chargee upon request such information, certificates, or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law and conduct such environmental audits or site assessments as may be reasonably necessary to ensure compliance with the Requirements of Environmental Law, and provide to the Chargee copies of any environmental, soils, safety or health reports or studies in respect of the Premises that it receives or possesses from time to time; and
- (vii) permit the Chargee to conduct inspections and appraisals of all or any of its records, business and property relating to the Premises at any time and from time to time to monitor compliance with the Requirements of Environmental Law.

The Chargor and the Covenantor further covenant that they will be liable for and fully indemnify the Chargee for any and all costs, expenses, damages or liabilities (including legal fees on a solicitor and his own client basis and any environmental remediation costs incurred by the Chargee) directly

or indirectly arising out of or attributable to the non-compliance of the Chargor or its tenants, employees, or agents with the Requirements of Environmental Law and all such costs, expenses, damages or liabilities shall be secured hereby, and all such liability and indemnity shall survive the repayment of the indebtedness secured hereby, foreclosure upon the Charge, and/or any other extinguishment of the obligations of the Chargor and the Covenantor under the Charge and any other exercise by the Chargee of any remedies available to it against the Chargor or Covenantor.

LIENS

The Chargor shall provide such additional security, information, documentation and assurances as may be required from time to time by the Chargee during the currency of this Charge to determine and to establish and preserve, in all respects, the priority of this Charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of the *Construction Lien Act*. If the Chargee makes any payment, in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other person claiming an interest in the Premises or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be forthwith payable to the Chargee by the Chargor and shall be a charge on the Premises and shall be added to the debt hereby secured and shall bear interest at the applicable rate and, in default of payment, the powers of sale and other remedies hereunder may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession by reason only of exercising any of the rights given to it under this paragraph or in making any payment to preserve, protect or secure the Premises.

EXPROPRIATION

In the event the whole or any part of the Premises is expropriated, the Chargor agrees all proceeds received from any such expropriation shall be paid directly to the Chargee provided that upon the payment of all amounts secured by this Charge, the Chargee shall have no further claim to any such proceeds.

ADDITIONAL FINANCING

The Chargor shall not, from and after the date of the registration of this Charge, further mortgage, charge or otherwise encumber the Premises without the prior written consent of the Chargee. Failure to comply with this provision shall at the option of the Chargee constitute an event of default under the within Charge. If the Chargor defaults in the payment of any instalment of principal or interest payable under any subsequent Charge/Mortgage or other encumbrance affecting the Premises, whether the Chargee has consented thereto or not, or in the observance or performance of any of the agreements, terms or provisos of any such Charge/Mortgage or other encumbrance, then at the option of the Chargee, the entire principal secured under this Charge, together with all accrued and unpaid interest, shall become due and payable at the option of the Chargee and the Chargee shall be entitled to exercise all of its rights and remedies hereunder.

ADDITIONAL SECURITY

The Chargor acknowledges a General Assignment of Rents and General Security Agreement (collectively the "Additional Security") are being given as further security to this Charge, which Additional Security is being granted by the Chargor to the Chargee and any default under the Additional Security shall constitute default under this Charge and any default under this Charge shall constitute default under the Additional Security and at the option of the Chargee require the entire principal secured under this Charge; together with all accrued and unpaid interest to become due and payable. Payment under the Additional Security shall constitute payment under this Charge and payment on account of this Charge shall constitute payment under the Additional Security.

It is agreed the Chargee's rights hereunder shall in no way merge or be affected by any proceedings the Chargee may take under the Additional Security and the Chargee shall not be required to take proceedings under such Additional Security or any part thereof before proceeding under this Charge, and conversely, no proceedings under this Charge shall in any way affect the rights of the Chargee under such Additional Security and the Chargee shall not be required to take proceedings under this Charge before proceeding under the Additional Security or any part thereof.

Upon request from the Chargee, the Chargor agrees forthwith upon delivery from time to time of any chattels in which it has an ownership interest (including replacements thereof) relating to the Premises, it shall promptly notify the Chargee, and its solicitors, of such delivery and shall forthwith supply the Chargee with all serial numbers and a description of such chattels for the purposes of the

aforementioned General Security Agreement, which description shall include make and model. The Chargor further agrees to provide written evidence of proof of purchase of the chattels, free of encumbrances, and of insurance of same, both in the form and content satisfactory to the Chargee.

UNDERTAKINGS

In the event the Chargor defaults with respect to any undertakings delivered to the Chargee in consideration of the advance of funds under this Charge or with respect to any covenant contained in the terms and provisions contained in this Charge or the Additional Security, such default will be an event of default under this Charge.

CHARGOR SHAREHOLDERS

The Chargor and the Covenantor covenant and agree with the Chargee that it will not transfer, encumber, hypothecate or dispose of any of the shares in the Chargor to persons or entities other than the Covenantor without the prior written consent of the Chargee, such consent not to be unreasonably withheld. In the event the approval and consent of the Chargee is not first obtained with respect to the foregoing, it is agreed all monies secured hereunder with accrued interest thereon shall, at the option of the Chargee, forthwith become due and payable and the Chargee shall have the right and option to exercise all its rights and remedies hereunder.

PLACE OF PAYMENTS

All payments under this Charge shall be paid to the Chargee care of Trez Capital Corporation at its offices in Vancouver, British Columbia described below or as it or its agents may otherwise direct, before 1:00 p.m. on any payment date. The parties agree any payment received after 1:00 p.m. shall be deemed to have been made on the banking day next following.

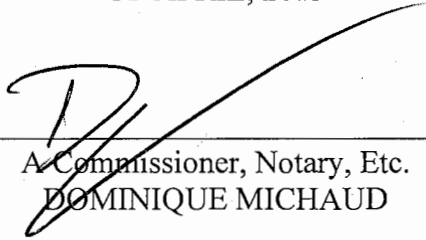
NOTICE

Any notice, direction or other instrument required or permitted to be given under the provisions of this Charge shall be in writing and may be given by delivering same or mailing same or sending same by telegram, telex, telecommunication, facsimile or other similar form of communication, in each case addressed to the Chargee care of Trez Capital Corporation, Suite 1550, 1185 West Georgia Street, Vancouver, BC V6E 4E6, and to the Chargor at the address as set out herein. Any notice, direction or instrument aforesaid, shall if delivered, be deemed to have been given or made on the date it was so delivered; if sent by prepaid registered mail, be deemed to have been given or made the fifth day following the day on which it was so mailed; and if sent by telegram, telex, telecommunication, facsimile or other similar form of communication, be deemed to have been given or made on the day it was so sent. Any party may give written notice of change of address in the same manner, in which event any such notice shall thereafter be given to it as above provided at such changed address. In the event of interruption, for any reason, in one or more of the forms of communications listed above, the parties shall use a form which is not so interrupted with the intent that the form of communication used will give the addressee timely notice of the communication.

STANDARD CHARGE TERMS

In the event of any discrepancy between the provisions contained in this Schedule and the provisions contained in Standard Charge Terms No. 200033, the provisions of this Schedule shall prevail.

THIS IS **EXHIBIT "K"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

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

yyyy mm dd

Page 1 of 5

Properties

PIN 22361 - 0416 LT
Description 1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB.LOT 13 G.C.T., AS IN 1121892; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418; SUBJECT TO AN EASEMENT FOR ENTRY AS IN WR251469; CITY OF WATERLOO
Address 316 KING STREET NORTH
 WATERLOO

Applicant(s)

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

Name 1817983 ONTARIO LTD.
Address for Service 1 Queen Street North
 Kitchener, Ontario
 N2H 2G7

I, Christodoulos Christodoulou, President, have the authority to bind the corporation.

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

Party To(s)**Capacity****Share**

Name COMPUTERSHARE TRUST COMPANY OF CANADA
Address for Service 100 University Avenue, 9th Floor
 Toronto, Ontario
 M5J 2Y1

Statements

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

This notice may be deleted by the Land Registrar when the registered instrument, WR696775 registered on 2012/06/25 to which this notice relates is deleted

Schedule: See Schedules

Signed By

Roman Michael Yaroslaw Pekaruk	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Applicant(s)	Signed	2012 06 25
Tel	4165931221			
Fax	4165935437			

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

Roman Michael Yaroslaw Pekaruk	2 Queen Street East Suite 1500 Toronto M5C 3G5	acting for Party To(s)	Signed	2012 06 25
Tel	4165931221			
Fax	4165935437			

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

Submitted By

BLANEY MCMURTRY LLP	2 Queen Street East Suite 1500 Toronto M5C 3G5			2012 06 25
Tel	4165931221			
Fax	4165935437			

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

yyyy mm dd

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Party To Client File Number : 0892260057

GENERAL ASSIGNMENT OF RENTS

BETWEEN:

1817983 ONTARIO LTD.,
(hereinafter called the "Assignor")

OF THE FIRST PART;

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA,
(hereinafter called the "Assignee")

OF THE SECOND PART;

1. As security for the payment for all obligations, indebtedness and liability of the Assignor to the Assignee under a certain Charge/Mortgage, and any amendments thereto and extensions thereof (the "Charge"), given by the Assignor to the Assignee on the interest in those lands and premises described on page 1 of the Notice of Assignment of Rents-General to which this document is attached (the "Lands"), whether such obligations, indebtedness or liabilities are incurred prior to, at the time of, or subsequent to, the execution of this Assignment, the Assignor hereby grants, assigns and transfers to the Assignee:
 - (a) All leases, licenses and other agreements permitting the occupation or use of the Lands or any part thereof, whether in existence at the date of this Assignment or hereafter, and all renewals thereof (all of which leases, licenses and other agreements are hereinafter referred to as "Leases") and any guarantee of all or any of the obligations under any of the Leases; and,
 - (b) All rentals, income, receipts, profits and other monies payable to the Assignor under the Leases including, without limiting the generality of the foregoing, all rents, income, subsidies or payments received from any and all competent governmental authorities (all of which rentals, income receipts, profits and other monies are hereinafter referred to as "Rentals").
2. In the event of default under the Charge or herein, the Assignee may at its option enter upon the Lands and collect in the name of the Assignor or in its own name as Assignee, the Rentals accrued but unpaid and in arrears at the date of such default, as well as the Rentals thereafter accruing and becoming payable during the period of the default. The Assignor shall from time to time forthwith on the Assignee's request, do, make and execute all notices and directions to tenants directing the payment of Rentals to the Assignee and other documents, acts, matters and things, as may be required by the Assignee in order to collect Rentals or otherwise give effect to these presents, and the Assignor hereby constitutes and appoints any officer of the Assignee, or any receiver appointed by the Court as hereinafter set out, the true and lawful Attorney of the Assignor irrevocably with power of substitution to do, make and execute all such notices, directions, documents, acts, matters or things with the right to use the name of the Assignor whenever and wherever it may be deemed necessary or expedient.
3. The Assignor shall from time to time forthwith on request furnish to the Assignee in writing all books and information requested relating to Rentals and the Assignee shall be entitled from time to time to have access to the lands and/or other premises occupied by the Assignor in order to inspect such books or information.
4. In the event of default under the Charge or herein, the Assignee may, in addition to any other rights, appoint by instrument in writing a receiver or receiver-manager in connection with the Rentals and remove or replace such receiver or receiver-manager from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of such receiver or receiver-manager. Where the Assignee is hereinafter in this Assignment referred to, the term shall, where the context permits, include any receiver or receiver-

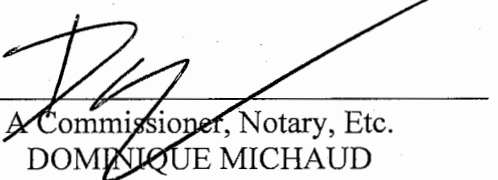
manager so appointed and the officers, employees, servants or agents of such receiver or receiver-manager.

5. In the event of default under the Charge or herein, the Assignee may, at its option, take over and assume the management, operation and maintenance of the Lands and perform all acts necessary and proper with respect to such management, operation and maintenance and expend such sums out of the income of the Lands as may be needed in connection therewith, in such manner and to the same extent as the Assignor, including the right to effect new Leases, renew existing Leases or make concessions to tenants and the Assignor hereby releases all claims against the Assignee arising out of such management, operation and maintenance, save and except the liability of the Assignee to account.
6. The Assignor represents and warrants to, and covenants and agrees with, the Assignee that:
 - (a) all Leases are valid, enforceable and in full force and effect;
 - (b) the Assignor has not done and will not do or omit to do any act having the effect of terminating, cancelling or accepting surrender of any of the Leases, or of waiving, releasing, reducing or abating any rights or remedies of the Assignor, or obligations of any other party thereunder or in connection therewith without the prior written consent of the Assignee;
 - (c) none of such rights, remedies and obligations are or will be affected by any other agreement, document or understanding or by any reduction, abatement, defence, set-off or counterclaim;
 - (d) none of the Leases or the Assignor's rights thereunder (including the right to receive the Rentals) have been or will be amended, assigned, encumbered, discounted or anticipated, except as currently disclosed by the records of the Land Registry Office, and same shall not be, except with the prior written consent of the Assignee;
 - (e) none of the Rentals have been or will be paid prior to the due date for payment thereof except as provided in the Leases;
 - (f) the Assignor will observe and perform all of its obligations under the Leases;
 - (g) there has been no default under any of the Leases by any of the parties thereto of which the Assignor has notice;
 - (h) there is no outstanding dispute under any of the Leases by any of the parties thereto; and,
 - (i) neither the Assignor nor any previous owner of the Lands has executed a prior assignment of the Leases or the Rentals except as currently disclosed by the records of the Land Registry Office.
7. The Assignor hereby covenants and warrants that a further assignment of Leases or Rentals shall not be granted unless the Assignor provides the Assignee with an acknowledgement from any subsequent creditor that this Assignment shall have full priority over any such further assignment.
8. Nothing herein contained shall have the effect of making the Assignee responsible for the collection of Rentals or any part thereof, or for the performance of any of the obligations or conditions under or in respect of the Leases or any of them to be observed and performed by the Assignor, or to take any action or enforce any remedy against any person with respect to any breach of any of the Leases, and that the Assignee shall not by virtue of this Assignment, or its receipt of the Rentals or any part thereof, become or be deemed a mortgagee in possession. The Assignee shall be liable to account for only such monies as shall actually come into its hands, less proper collection charges, provided that such monies may be applied on account of any indebtedness of the Assignor to the Assignee.
9. The Assignor shall be entitled to collect and receive the Rentals as they become due under the Leases unless and until default occurs under the Charge or herein and the Assignee gives notice to any tenant, user, occupier, licensee or other party entitled to occupation or use of any part of the Lands under any of the Leases requiring that the Rentals be paid to the

Assignee, but nothing in this section 9 shall permit or authorize the Assignor to collect any of the Rentals prior to their due date.

10. None of the rights or remedies of the Assignee under the Charge shall be delayed or in any way prejudiced by this Assignment. Notwithstanding any variation of the terms of the Charge or any extension of time for payment of the monies secured by the Charge or any part thereof or any release of part or parts of the premises or any collateral security, the Leases and the Rentals hereby assigned shall continue as collateral security until all monies secured by the Charge have been paid in full.
11. Save as otherwise agreed between the parties in writing, and save as hereinafter set out, the Assignment and the Charge collectively constitute the entire agreement between the parties as regards the assignment of Leases and Rentals and the rights and liabilities of the parties and there are no other representations, collateral agreements or conditions in respect of the Leases or Rentals. This Assignment is in addition to and not in substitution for any other agreement between the parties including, without limiting the generality of the foregoing, any agreement creating a security interest in the Leases or Rentals and whether heretofore or hereinafter made, and the terms of such agreement or agreements shall be deemed to be continued unless expressly provided to the contrary in writing and signed by the parties.
12. Any notice required by or given under or in connection with this Assignment may be effectively given if it is in written form and given in the same manner and extent as provided for in the Charge.
13. If any term of this Assignment or the application to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Assignment or the application of such term to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term of this Assignment shall be separately valid and enforceable to the fullest extent permitted by law.
14. Any receiver or receiver-manager appointed out of this Assignment or by any Court shall be deemed to be an agent or agents of the Assignor and the Assignor shall be solely responsible for his or its or their acts and for his or its or their remuneration and expenses and the Assignee shall not be in any way responsible for any misconduct or negligence on the part of any such receiver or receiver-manager.
15. In the event that all amounts receivable under the Charge are received in full, the Assignor shall be entitled, at its sole expense to receive a discharge of this Assignment.
16. A discharge of the Charge shall operate as a reassignment to the Assignor of the rentals and leases referred to herein.
17. This Assignment shall be interpreted in accordance with the laws of the Province of Ontario.
18. This Assignment and everything contained herein shall extend to and bind and may be taken advantage of by the respective heirs, executors, administrators, successors and assigns, as the case may be, of each and every of the parties hereto and where there is more than one Assignor or there is a female party or a corporation, the provisions hereof shall be read with all grammatical changes thereby rendered necessary and where there is more than one Assignor all covenants shall be deemed to be joint and several.
19. Provided (i) an Event of Default has not occurred and is continuing, and (ii) the Assignor complies with the requirements of the first mortgagee, then the Assignor may, without the Assignee's consent, from time to time (i) agree to amend the existing leases so long as such amendments are commercially reasonable, and do not release such tenants or reduce such tenants' rental obligations under the lease except in the ordinary course of its business acting as would a prudent landlord, and (ii) agree to lease premises in the Project, acting as a prudent landlord, to replacement tenant(s) at fair market terms.

THIS IS **EXHIBIT "L"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

(a) As security for the payment of all obligations, indebtedness and liabilities of 1817983 ONTARIO LTD. (hereinafter referred to as the "Debtor") to COMPUTERSHARE TRUST COMPANY OF CANADA (the "Creditor"), whether incurred prior to, at the time of or subsequent to the execution hereof, including, without limitation, all obligations, indebtedness and liabilities of the Debtor to the Creditor under a Charge/Mortgage given by the Debtor registered on the 25 day of June, 2012 securing the original principal sum of \$18,492,000.00, and any amendment thereto and extensions thereof (the "Charge") given to the Creditor on those lands and premises described on Schedule "A" hereon (the "Lands"), the Debtor hereby grants to the Creditor by way of mortgage, charge, assignment and transfer, a security interest (the "Security Interest") in all goods (including all parts, accessories, attachments, special tools, additions and accession thereto) located on the Lands, which are now owned or hereafter owned or acquired by or on behalf of the Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called "Collateral"), including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- (i) all inventory of whatever kind ("Inventory") located on the Lands;
- (ii) all equipment (other than Inventory) of whatever kind located on the Lands including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind belonging to and owned by the Debtor;
- (iii) all book accounts and book debts and generally all accounts, debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due or owned by the Debtor in connection with the Lands or the business operated by the Debtor thereon including, without limitation, letters of credit and advises of credit, which are now due, owing or accruing due to or owned by or which may hereafter become due, owing or accruing due to or owned by the Debtor ("Debts");
- (iv) all deeds, documents, writings, papers, books of account and other books relating to or connected with the Lands or the business operated by the Debtor thereon and which relate to or are records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights, and other industrial property relating to or connected with the Lands or the business operated by the Debtor thereon;
- (vi) all monies, other than trust monies lawfully belonging to others, which now are or which may at any time hereafter be due and owing to or owned by the Debtor in connection with the Lands or the business operated by the Debtor thereon;
- (vii) all the goods, chattels and fixtures now located on the Lands and belonging to and owned by Debtor and any replacements thereof.

(b) The Security Interest granted hereby shall not extend to or apply to, and the Collateral shall not include, the last date of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term;

(c) The terms "Goods", "Chattel Paper", "Documents of Title", "Instruments", "Intangibles", "Securities", "proceeds", "Inventory", and "accessions", whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act* of Ontario, R.S.O., 1990, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "Act". Provided always that the terms "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the Act, and any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and satisfaction of any and all obligations, indebtedness and liabilities of Debtor to the Creditor (including interest thereof) relating to the Loan present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety including, but without limitation, all obligations of the Debtor to the Creditor under the Charge (hereinafter collectively called the "Indebtedness").

It is understood and agreed between the Debtor and Creditor herein that the covenant of the Debtor shall extend only to its respective interest in the property and business conducted thereon comprising the security being given to the Creditor and, in the event of default, there shall be no recourse by the Creditor to any other assets or interests of the Debtor or any other person who may have an interest in the land except for any tenant or occupant.

3. OWNERSHIP OF COLLATERAL

The Debtor represents and warrants that, except for the Security Interest created hereby, the Debtor is, or with respect to Collateral acquired after the date hereof will be, the owner of the Collateral free from any mortgage, lien, charge, security interest or encumbrance ("Encumbrances"), save for the Security Interest and those Encumbrances shown in Schedule "B".

4. INSURANCE

The Debtor shall keep the Collateral insured against loss or damage by fire and such other risks as the Creditor may reasonably require to the full insurance value thereof, and shall either assign the insurance policies to the Creditor or have the loss thereunder made payable to the Creditor as the Creditor may require. At the request of the Creditor such policies shall be delivered to and held by it. Should the Debtor neglect to maintain such insurance the Creditor may insure and any premiums paid by the Creditor together with interest thereon shall be payable by the Debtor to the Creditor upon demand.

5. LIENS, ETC.

The Debtor shall keep the Collateral free and clear of all taxes, assessments, claims, liens and encumbrances, save for the Security Interest and those Encumbrances shown in Schedule "B", and shall promptly notify the Creditor of any loss or damage to the Collateral or any part thereof.

6. USE OF COLLATERAL

Until the Security Interest shall have become enforceable, the Debtor may dispose of or deal with the Collateral in the ordinary course of its business, for the purpose of carrying on the same and in any lawful manner not inconsistent with the provisions hereof or any other agreements of the Debtor to the Creditor or with the terms of any policies of insurance relating thereto.

7. INFORMATION AND INSPECTION

The Debtor shall from time to time forthwith on request furnish to the Creditor in writing all information requested relating to the Collateral or any part thereof, and the Creditor shall be entitled from time to time to inspect the tangible Collateral wherever located including, without limitation, any books and records of the Debtor relating to the Collateral, and for such purpose the Creditor shall have access to all places where the Collateral or any part thereof is located and to all premises occupied by the Debtor. The Debtor shall also deliver to the Creditor, as and when requested, such financial statements and other financial information relating to the Debtor and its business as required by the Creditor from time to time.

8. DEFAULT

8.1 In the event the Debtor shall default in the payment of all or any part of the Indebtedness or liability of the Debtor to the Creditor, or in the performance or observance of any other obligation or liability of the Debtor to the Creditor, then the Security Interest shall become enforceable and so long as it shall remain enforceable, the Creditor may proceed to realize the security constituted by

this Security Agreement by sale or to enforce its rights by entry, or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receiver and manager or for sale of the Collateral or any part thereof or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claims and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy or other judicial proceedings relative to the Debtor. Any such sale may be made by public auction, by public tender or by private contract, with or without advertising and without any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Creditor, in its sole discretion, may deem advantageous and such sale may take place whether or not the Creditor has taken possession of such property and assets; provided however, that unless the Collateral is perishable or unless the Creditor believes on reasonable grounds that the Collateral will decline speedily in value the Debtor shall be entitled to not less than fifteen (15) days' notice of sale containing such information and statements as are prescribed by the Act.

8.2 In addition to the rights of the Creditor set forth in Paragraph 8.1, whenever the Security Interest shall have become enforceable and so long as it shall remain enforceable, the Creditor may, by instrument in writing, appoint any person to be a receiver (which term shall include a receiver and manager) of the Collateral including any rents and profits thereof and may remove any receiver and appoint another in his stead. Any such receiver or receivers so appointed shall be vested with all the powers and rights of the Creditor and shall have power to take possession of the Collateral or any part thereof and to carry on or concur in carrying on the business of the Debtor, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of such business, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to exercise all rights attaching or incidental to any securities owned by the Debtor and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine. Any such receiver shall for all purposes be deemed to be the agent of the Debtor and not the agent of the Creditor, and therefore, the Creditor shall not be responsible for the acts or omissions of the receiver. The Creditor may from time to time fix the remuneration of such receiver and direct the payment thereof out of the Collateral. The receiver shall apply all monies from time to time received by him in such of the following modes and in such order or priority as the Creditor may from time to time at its option direct, namely: in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Collateral; in payment of the remuneration of the receiver; in keeping in good standing all liens and charges on the Collateral prior to the Security Interest; in payment of the costs of carrying out or executing any powers, duties or directions which are vested in the receiver; in payment of the interest accruing due on the Security Agreement and all other amounts owing hereunder; and in payment of the principal due and payable upon the Security Agreement and residue of any monies so received shall be paid to the Debtor. The Creditor, in appointing or refraining from appointing such receiver, shall not incur any liability to the receiver, the Debtor or otherwise.

8.3 In addition to the rights and remedies specifically provided herein, the Creditor shall, upon default have the rights and remedies of a secured party under the Act.

9. RECEIVABLES

The Creditor may collect, realize, sell, or otherwise deal with the Debts or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after default, as may seem to it advisable and without notice to the Debtor. The Creditor shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Debts or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Creditor, the Debtor or any other person, firm or corporation in respect of the same. All monies collected or received by the Creditor in respect of the Debts or other Collateral may be applied on account of such parts of the Indebtedness of the Debtor as the Creditor may, in its sole discretion, elect, or in the discretion of the Creditor may be released to the Debtor, all without prejudice to the liability of the Debtor or the Creditor's right to hold and realize the security constituted by this Security Agreement.

10. CHARGES AND EXPENSES

The Creditor may charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advice and services) in connection with the

preparation and registration of this Security Agreement and in connection with the realization, disposition of, retention or collection of the Collateral or any part thereof, and such sums shall be a subordinate charge, subject to the Security Interest and Encumbrances shown in Schedule "B" on the proceeds of such realization, disposition or collection and shall be added to the Indebtedness secured by this Security Agreement and shall also be secured hereby.

11. DEALINGS BY THIRD PARTIES

No person dealing with the Creditor or its agent or a receiver shall be concerned to enquire whether the Security Interest has become enforceable, or whether the powers which the Creditor or its agent is purporting to exercise have become exercisable, or whether any money remains due upon the security constituted by this Security Agreement, or as to the necessity or expediency of the stipulations and conditions to which any sale shall be made, or as to the propriety or regularity of any sale, or of any other dealing by the Creditor with the Collateral, or to see to the application of any money paid to the Creditor.

12. ADDITIONAL COVENANTS

The Debtor hereby covenants and agrees with the Creditor, so long as this Security Agreement remains outstanding, that:

- (a) it will do, observe and perform all matters and things necessary or expedient to be done, observed or performed by virtue of any law of Canada or any province or municipality thereof for the purpose of creating and maintaining the security hereby constituted;
- (b) it will, at all times, maintain all licenses, permits and authorizations to enable it to conduct its business; will carry on and conduct its business in a proper, efficient and businesslike manner and in accordance with good business practice;
- (c) it will upon the reasonable request of the Creditor, provide the Creditor with such information concerning the Collateral and the business of the Debtor as required by the Creditor;
- (d) it will pay or cause to be paid all taxes, rates, government fees and dues, levies, assessed or imposed on it and its property or any part thereof as and when the same become due and payable, save and except when and so long as the validity of any such taxes, rates, fees, dues, levies, assessments or imposts is, in good faith, contested by it and will, if and when required in writing by the Creditor, furnish the Creditor for inspection, with receipts for any of such payments;
- (e) it will not, without the prior written consent of the Creditor, which may be granted or withheld by the Creditor, in its absolute discretion, sell, transfer, assign or otherwise dispose of any part of the Collateral other than in the ordinary course of its business, for the purpose of carrying on same in a lawful manner not inconsistent with the provisions of this agreement or any other agreement of the Debtor with the Creditor.

13. FURTHER ASSURANCES

The Debtor shall from time to time forthwith on the Creditor's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Creditor of, or with respect to, the Collateral or any part thereof or as may be required to give effect to these presents, and the Debtor hereby constitutes and appoints a duly authorized officer of the Creditor the true and lawful attorney of the Debtor irrevocable with full power of substitution to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the Debtor whenever and wherever it may be deemed necessary or expedient.

14. DEALINGS BY THE CREDITOR

The Creditor may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other securities as the Creditor may see fit

without prejudice to the liability to the Debtor or the Creditor's rights to hold and realize the security constituted by this Security Agreement.

15. **NO REMEDY EXCLUSIVE**

No remedy herein conferred upon or reserved to the Creditor for the realization of the Security Interest, enforcement of rights of the Creditor or otherwise is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral hereto, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or under any other document or agreement in respect of the obligations to the Creditor owned by the Debtor. Every power and remedy given by this Security Agreement to the Creditor may be exercised from time to time as often as may be deemed expedient by the Creditor. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the monies secured hereby, shall not release or affect the security constituted by this Security Agreement.

16. **DISCHARGE AND SATISFACTION**

Upon satisfaction by the Debtor of all Indebtedness of the Debtor owed to the Creditor, the Creditor shall, upon the request and at the expense of the Debtor, execute and deliver to the Debtor such releases and discharges as the Debtor may reasonably require.

17. **WAIVER OF COVENANTS**

The Creditor may waive any breach by the Debtor of any of the provisions contained in this Security Agreement or any failure by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder; provided that no such waiver by the Creditor shall extend to or be taken in any manner to affect any subsequent breach or failure or the rights resulting therefrom.

18. **APPLICATION OF INSURANCE PROCEEDS**

Any insurance monies received by the Creditor pursuant to this Security Agreement may at the option of the Creditor be applied to restoring, replacing or repairing the Collateral or any part thereof, or be paid to the Debtor, or any such monies may be applied in the sole discretion of the Creditor, in whole or in part, to the repayment of the obligations hereby secured or any part thereof whether then due or not, with any partial payments to be credited against principal amounts of Indebtedness payable by the Debtor in inverse order of maturity.

19. **ATTACHMENT**

Each of the Debtor and the Creditor acknowledges that it is its intention that the security interests herein created attach on the execution hereof by the Debtor (save as to after-acquired property forming part of the Collateral in respect of which attachment will result forthwith upon the Debtor acquiring rights thereto) and that value has been given.

20. **NOTICES**

Any notice required by or given under or in connection with this agreement may be effectively given if it is in written form and given in the same manner and extent as provided for in the Charge.

21. **GENERAL**

This agreement:

- (a) shall be a continuing agreement in every respect;
- (b) shall be governed by the laws of the Province of Ontario; and
- (c) may be terminated by the Debtor by written notice delivered to the Creditor at the above-mentioned address at any time when the Debtor is not indebted or liable to the Creditor. For greater certainty, it is declared that any and all future loans, advances or other value which the Creditor may in its discretion make or extend to or for the account of the Debtor shall be secured by this agreement. Nothing contained in this agreement shall in any way

6

obligate the Creditor to grant, continue, renew, extend time for payment of, or accept anything which constitutes or would constitute Indebtedness.

22. **BINDING EFFECT**

This Security Agreement is binding upon the Debtor and its successors and permitted assigns.

23. **RECEIPT**

The Debtor acknowledges receipt of a duplicate original hereof.

IN WITNESS WHEREOF debtor has executed this agreement as of the 11th day of June, 2012.

1817983 ONTARIO LTD.

Per: 

Name: Christodoulos Christodoulou

Title: President

I have authority to bind the corporation

SCHEDULE "A"LEGAL DESCRIPTIONPIN 22361-0416 (LT):

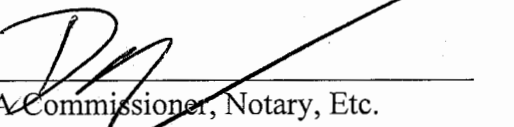
1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73
SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB.LOT 13 G.C.T.,
AS IN 1121892; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418 SUBJECT TO AN
EASEMENT FOR ENTRY AS IN WR251469 CITY OF WATERLOO

municipally known as 312, 316 - 318 and 322 King Street North, Waterloo, Ontario

SCHEDULE "B"

NI

THIS IS **EXHIBIT "M"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 4/12/2013
File Currency Date: 04/11/2013
Family(ies): 3
Page(s): 4

SEARCH : Business Debtor : 1817983 ONTARIO LTD.

The attached report has been created based on the data received by Cyberbahn, a Thomson Reuters business from the Province of Ontario, Ministry of Government Services. No liability is assumed by Cyberbahn regarding its correctness, timeliness, completeness or the interpretation and use of the report. Use of the Cyberbahn service, including this report is subject to the terms and conditions of Cyberbahn's subscription agreement.

PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
SEARCH RESULTS

Date Search Conducted: 4/12/2013
File Currency Date: 04/11/2013
Family(ies): 3
Page(s): 4

SEARCH : Business Debtor : 1817983 ONTARIO LTD.

FAMILY : 1 OF 3
SEARCH : BD : 1817983 ONTARIO LTD.

ENQUIRY PAGE : 1 OF 4

00 FILE NUMBER : 679315095 EXPIRY DATE : 20JUN 2014 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20120620 0941 1862 1517 REG TYP: P PPSA REG PERIOD: 2
02 IND DOB : IND NAME:
03 BUS NAME: 1817983 ONTARIO LTD.

04 ADDRESS : 1 QUEEN STREET NORTH OCN :
CITY : KITCHENER PROV: ON POSTAL CODE: N2H 2G7
05 IND DOB : IND NAME:
06 BUS NAME: OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
COMPUTERSHARE TRUST COMPANY OF CANADA
09 ADDRESS : 100 UNIVERSITY AVENUE, 9TH FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2Y1
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE
10 X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 SECURITY RELATING TO 312, 316 - 318 AND 322 KING STREET NORTH,
14 WATERLOO, ONTARIO (LOAN NO. 966/12)

15

16 AGENT: BLANEY MCMURTRY LLP (BCOHEN)

17 ADDRESS : 2 QUEEN STREET EAST, SUITE 1500
CITY : TORONTO PROV: ON POSTAL CODE: M5C 3G5

FAMILY : 2 OF 3
SEARCH : BD : 1817983 ONTARIO LTD.

ENQUIRY PAGE : 2 OF 4

00 FILE NUMBER : 679315158 EXPIRY DATE : 20JUN 2014 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
REG NUM : 20120620 0945 1862 1520 REG TYP: P PPSA REG PERIOD: 2
02 IND DOB : IND NAME:
03 BUS NAME: 1817983 ONTARIO LTD.

04 ADDRESS : 1 QUEEN STREET NORTH
CITY : KITCHENER PROV: ON POSTAL CODE: N2H 2G7
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :

OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
COMPUTERSHARE TRUST COMPANY OF CANADA

09 ADDRESS : 100 UNIVERSITY AVENUE, 9TH FLOOR
CITY : TORONTO PROV: ON POSTAL CODE: M5J 2Y1
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

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YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 SECURITY RELATING TO 312, 316 - 318 AND 322 KING STREET NORTH,
14 WATERLOO, ONTARIO (LOAN NO. 997/12)

15

16 AGENT: BLANEY MCMURTRY LLP (BCOHEN)

17 ADDRESS : 2 QUEEN STREET EAST, SUITE 1500
CITY : TORONTO PROV: ON POSTAL CODE: M5C 3G5

FAMILY : 3 OF 3
SEARCH : BD : 1817983 ONTARIO LTD.

ENQUIRY PAGE : 3 OF 4

00 FILE NUMBER : 679410783 EXPIRY DATE : 22JUN 2015 STATUS :
01 CAUTION FILING : PAGE : 001 OF 2 MV SCHEDULE ATTACHED :
REG NUM : 20120622 1632 1275 0557 REG TYP: P PPSA REG PERIOD: 03
02 IND DOB : IND NAME:
03 BUS NAME: 1817983 ONTARIO LTD.

OCN : 001817983

04 ADDRESS : 1 QUEEN STREET NORTH, SUITE 200
CITY : KITCHENER PROV: ON POSTAL CODE: N2H 2G7
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :

07 ADDRESS :
CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
VECTOR FINANCIAL SERVICES LIMITED

09 ADDRESS : 25 IMPERIAL STREET, SUITE 500
CITY : TORONTO PROV: ON POSTAL CODE: M5P 1B9
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 X X X X
YEAR MAKE MODEL V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 PROPERTY NOW OR HEREAFTER USED IN CONNECTION WITH, SITUATE AT, OR
14 ARISING FROM THE OWNERSHIP, DEVELOPMENT, USE OR DISPOSITION OF THE
15 LANDS MUNICIPALLY KNOWN AS 312 ? 322 KING STREET NORTH, WATERLOO,
16 AGENT: GOLDMAN SLOAN NASH & HABER LLP (SHN 120261)
17 ADDRESS : 1600 - 480 UNIVERSITY AVENUE
CITY : TORONTO PROV: ON POSTAL CODE: M5G 1V2

FAMILY : 3 OF 3
 SEARCH : BD : 1817983 ONTARIO LTD.

ENQUIRY PAGE : 4 OF 4

00 FILE NUMBER : 679410783 EXPIRY DATE : 22JUN 2015 STATUS :
 01 CAUTION FILING : PAGE : 002 OF 2 MV SCHEDULE ATTACHED :
 REG NUM : 20120622 1632 1275 0557 REG TYP: REG PERIOD:

02 IND DOB : IND NAME:

03 BUS NAME:

OCN :

04 ADDRESS :

CITY :

PROV:

POSTAL CODE:

05 IND DOB :

IND NAME:

06 BUS NAME:

OCN :

07 ADDRESS :

CITY :

PROV:

POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :

09 ADDRESS :

CITY :

PROV:

POSTAL CODE:

CONS.

MV

DATE OF OR NO FIXED

GOODS INVTRY. EQUIP ACCTS OTHER INCL

AMOUNT

MATURITY

MAT DATE

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YEAR MAKE

MODEL

V.I.N.

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GENERAL COLLATERAL DESCRIPTION

13 ONTARIO AND ALL PROCEEDS THEREOF.

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16 AGENT:

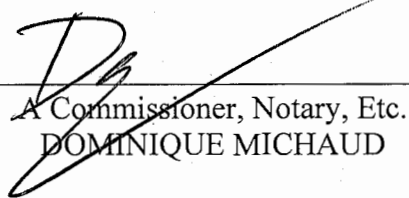
17 ADDRESS :

CITY :

PROV:

POSTAL CODE:

THIS IS **EXHIBIT "N"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Delivered by: E-Mail and Regular Mail
File No.: 1200354

September 14, 2012

1817983 Ontario Ltd.
1 Queen Street North
Kitchener, ON N2H 2G7

Attention: Christodoulos Christodoulou

Dear Mr. Christodoulou:

Re: **1817983 Ontario Ltd ("181") Default and Debt Service And Cost Overrun Agreement**

We are the lawyers for Trez Capital Corporation and Trez Capital Limited Partnership (collectively "Trez"). Trez is the manager of the mortgages registered to Computershare Trust Company of Canada. We are writing further to our letter dated August 24, 2012.

Since August 24, 2012, it has come to Trez's attention that:

1. a construction lien in the amount of \$19,123.00 has been registered by Ramseyer Earthworks on title to the property municipally known as 312, 316-318 & 322 King Street, Waterloo, Ontario as instrument number WR712495;
2. 181 has failed to make the payments due June 30, 2012, July 30, 2012, and August 30, 2012, with respect to the following Zurich Canada insurance policies 8704993 (Wrap up) and 8704992 (Builders Risk). As a result McFarlan Rowlands Insurance Brokers have requested that Zurich Canada cancel these policies for non payment;
3. Sierra Construction Woodstock Limited ("**Sierra**") has purported to unilaterally terminate the Debt Service and Costs Overrun Agreement ("**DSCOA**"). Sierra has also advised by letter dated September 12, 2012, that it is suspending work as project manager; and
4. You have instructed Pelican Woodcliff to cease work as project monitor on the Project.

The above noted events are all events of default under the terms of the 1st Mortgage Financing Commitment dated March 2, 2012 (the "**1st Mortgage Financing Commitment**") and the 2nd Mortgage Financing Commitment dated May 16, 2012 (the

"2nd Mortgage Financing Commitment") and the terms of the mortgages provided as security thereunder (collectively the "Mortgages"). These defaults are addressed below:

A. Defaults - Construction Lien, Insurance and Project Monitor

Trez demands that 181 arrange to remove the construction lien from title and provide proof that the Wrap Up and Builders Risk insurance policies have been put back into good standing by **Friday September 21, 2012**.

181 has improperly instructed Pelican Woodcliff to cease work as project monitor on the Project. Accordingly, Trez has exercised its right to retain and instruct Pelican Woodcliff at 181's expense. Pelican is in the process of completing its costs overrun report and it will be delivered to you shortly.

B. Budget Shortfall and DSCOA

As advised in our August 24, 2012 letter, Trez continues to hold yourself, 1817983 Ontario Ltd. ("181") and Sierra Construction Woodstock Limited ("**Sierra**") responsible for your respective obligations pursuant to the Debt Service and Costs Overrun Agreement ("**DSCOA**").

The DSCOA is part of Trez's security under the 1st Mortgage Financing Commitment and the 2nd Mortgage Financing Commitment. Sierra's purported termination of the DSCOA is an event of default thereunder. Accordingly, Trez hereby demands that you take the necessary steps to have Sierra confirm that it has not terminated the DSCOA and that it continues to be bound by its terms forthwith.

Trez is preliminarily advised by Pelican Woodcliff that there will be a budget shortfall amount (the "**Budget Shortfall Amount**") as contemplated by the DSCOA. The Budget Shortfall Amount is currently being confirmed by Pelican Woodcliff. Trez will provide formal notice of the payment it will require to satisfy the Budget Shortfall Amount pursuant to paragraph 1 of the DSCOA once the Pelican Woodcliff report is complete.

Trez will not advance funds in the face of the construction lien, the insurance default, the Budget Shortfall Amount and Sierra's purported unilateral termination of the DSCOA.

If 181 fails to take the above noted steps within the above noted deadlines, Trez reserves its rights to take whatever remedies are available to it to protect its interests, including enforcement of the Mortgages and will hold you and 181 responsible for any damages, including legal costs.

**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

- 3 -

We trust that these steps will not be necessary. If you have any questions please contact me at the office.

Yours very truly,

ROBINS APPLEBY & TAUB LLP

Per



Irving Marks

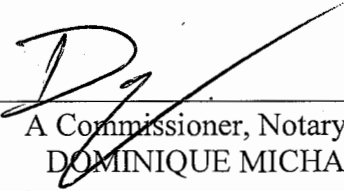
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cc: client

Nicholas Gehl – Gehl and Gehl, Barristers and Solicitors

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THIS IS **EXHIBIT "O"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Robins Appleby & Taub

BARRISTERS/SOLICITORS

Irving Marks
Direct Line: (416) 360-3329
E-mail: imarks@robapp.com
Fax: (416) 868-0306

Delivered by: E-Mail and Regular Mail
File No.: 1200354

September 19, 2012

1817983 Ontario Ltd.
1 Queen Street North
Kitchener, ON N2H 2G7

Attention: Christodoulos Christodoulou

Dear Mr. Christodoulou:

Re: 1817983 Ontario Ltd ("181") - Construction Lien Defaults

We are the lawyers for Trez Capital Corporation and Trez Capital Limited Partnership (collectively "Trez"). Trez is the manager of the mortgages registered to Computershare Trust Company of Canada.

Since our letter dated September 14, 2012, we have been advised that the following construction liens have been registered on title to the property municipally known as 312, 316-318 & 322 King Street, Waterloo, Ontario (the "Property"):

1. a construction lien in the amount of \$188,101.50 has been registered by Sierra Construction (Woodstock) Limited as instrument number WR713907; and
2. a construction lien in the amount of \$40,489.60 has been registered by EMCAD Consulting Engineers (1995) Inc. as instrument number WR714259.

As previously advised in our September 14, 2012, letter, the registration of construction liens are events of default under the terms of the 1st Mortgage Financing Commitment dated March 2, 2012 (the "**1st Mortgage Financing Commitment**") and the 2nd Mortgage Financing Commitment dated May 16, 2012 (the "**2nd Mortgage Financing Commitment**") and the terms of the mortgages provided as security thereunder (collectively the "**Mortgages**").

Accordingly, Trez demands that 181 arrange to remove the above construction liens in addition to the lien registered by Ramseyer Earthworks by **Friday, September 21, 2012**. If 181 fails to meet this deadline, Trez reserves its rights to take whatever remedies are available to it to protect its interests, including enforcement of the Mortgages and will hold you and 181 responsible for any damages, including legal costs.

Robins Appleby & Taub LLP

Robins Appleby
& Taub

BARRISTERS/SOLICITORS

- 2 -

We trust that these steps will not be necessary. If you have any questions please contact me at the office.

Yours very truly,

ROBINS APPLEBY & TAUB LLP

Per:



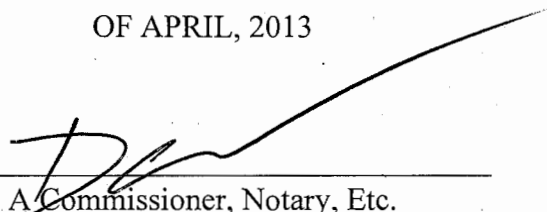
Irving Marks

IM:dm

cc: client

Nicholas Gehl – Gehl and Gehl, Barristers and Solicitors

THIS IS **EXHIBIT "P"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Robins Appleby & Taub

BARRISTERS/SOLICITORS

176

Irving Marks
Direct Line: (416) 360-3329
E-mail: imarks@robapp.com
Fax: (416) 868-0306

Delivered by: E-Mail and Regular Mail
File No.: 1200354

October 18, 2012

1817983 Ontario Ltd.
1 Queen Street North
Kitchener, ON N2H 2G7

Attention: Christodoulos Christodoulou

Dear Mr. Christodoulou:

Re: **1817983 Ontario Ltd ("181") - Default of Borrower and the Enforcement of
Loan #966/12/TO**

We are the lawyers for Trez Capital Corporation, Trez Capital Limited Partnership (collectively "Trez") and Computershare Trust Company of Canada ("Computershare") (collectively the "Lender").

Further to our letters dated September 14, 2012 and September 19, 2012, 181 remains in default with respect to the obligations owing to the Lender pursuant to the terms of the 1st Mortgage Financing Commitment dated March 2, 2012 and the terms of the mortgage registered as instrument WR696775 (the "**First Mortgage**"). Specifically, 181 has breached its obligations to the Lender by:

1. failing to make the monthly interest payment due and owing on the First Mortgage on October 7, 2012;
2. allowing the events in the Lender approved development schedule to be delayed by more than 45 days;
3. terminating the contract with its construction manager Sierra Construction (Woodstock) Limited ("**Sierra**"); and
4. allowing construction liens to be registered against title of the property municipally known as 312, 316-318 & 322 King Street, Waterloo, Ontario (the "**Property**") and remain for a period of over 35 days.

Please note that the Lender is not obligated nor is it willing to replace Sierra with another construction manager or contractor. Further, the Lender has made 2 separate requests to have the construction liens removed and 181 has failed to do so.

Robins Appleby & Taub LLP

As a result of the above events of default, the Lender is no longer confident that 181 will be able to complete the Project for occupancy for the fall of 2013 and is no longer willing to advance financing for the Project.

Accordingly, for the reasons set out above, the Lender hereby demands that 181 make payment in the sum of \$6,847,623.03 plus the applicable per diem interest to the Lender by October 29, 2012 for all principal, interest and costs owing to the Lender under the First Mortgage. To date, the Lender has incurred \$24,367.50 in legal costs with respect to this matter. The Lender's legal costs will continue to accrue as this matter carries on. A breakdown of the amounts owing under the First Mortgage as of October 16, 2012, together with per diem interest calculation is attached as schedule "A" to this letter.

Please note that if payment of the full amount owing under the First Mortgage is not made by October 29, 2012, the Lender will take the appropriate steps to appoint a Receiver and sell the Property.

If you have any questions please contact me at the above coordinates.

Yours very truly,

ROBINS APPLEBY & TAUB LLP

Per:



Irving Marks

IM:dm

Encl.

cc: Client

Nicholas Gehl – Gehl and Gehl, Barristers and Solicitors

Schedule "A"

WATERLOO STUDENT RESIDENCES - 1st Mortgage

Loan No. 966/12 TO
Mortgage Statement

Registered Loan Amount : \$18,400,000.00

Interest rate : Greater of 8.00% and HSBC Prime rate +5.00% p.a. for the 1st 18 months and 20% p.a. effective Jan. 7, 2014

Monthly Payments: The Borrower shall pay up to the first \$50,000 of each monthly payment from its own resources and the remainder to be advanced from the \$432,000 Interest Accrual Budget until it is exhausted and thereafter the Borrower shall pay the required monthly payments from its own resources

Term : 19 months

Maturity date: Feb. 7, 2014

HSBC Prime Rates:

Effective Sept. 9, 2010 = 3.0%

E & OE

Particulars	Date		No. of Days	Interest Rate p.a.	PRINCIPAL	INTEREST		LOAN BALANCE
	From	To				Charge	Payment	
1st Advance - June 25, 2012					6,660,000.00			6,660,000.00
Interest to IAD	25-Jun-12	6-Jul-12	12	8.00%		17,468.85	(17,468.85)	
Balance as of July 7, 2012					6,660,000.00	17,468.85	(17,468.85)	6,660,000.00
Interest	7-Jul-12	6-Aug-12	31	8.00%		45,127.87	(45,127.87)	
Balance as of August 7, 2012					6,660,000.00	62,596.72	(62,596.72)	6,660,000.00
Interest	7-Aug-12	6-Sep-12	31	8.00%		45,127.87	(45,127.87)	
Balance as of September 7, 2012					6,660,000.00	107,724.59	(107,724.59)	6,660,000.00
Interest	7-Sep-12	6-Oct-12	30	8.00%		43,672.13		43,672.13
Balance as of October 7, 2012					6,660,000.00	151,396.72	(107,724.59)	6,703,672.13
Interest	7-Oct-12	16-Oct-12	10	8.00%		14,652.84		14,652.84
Balance as of October 16, 2012					6,660,000.00	166,049.56	(107,724.59)	6,718,324.97
Add: Default administration fee - October 2012 (\$10,000 per month)								10,000.00
Exit Fee deemed fully earned upon acceptance of the Commitment Letter and payable upon loan repayment								92,000.00
Total Amount due from Borrower as of October 16, 2012								<u>\$6,820,324.97</u>
Interest per diem for October 17 to 31, 2012								<u>\$1,466.28</u>

TREZ CAPITAL CORPORATION -and- 1817983 ONTARIO LTD. et la.
et al.
Plaintiffs

Defendants

Court File No. CV-13-10065-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD
(Volume 1 of 2)

ROBINS APPLEBY & TAUB LLP
Barristers & Solicitors
2600 - 120 Adelaide Street West
Toronto ON M5H 1T1

Irving Marks LSUC #19979H
Tel: (416) 360-3329

Dominique Michaud LSUC #56871V
Tel: (416) 360-3795
Fax: (416) 868-0306

Lawyers for the Plaintiffs/ Moving Parties

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

and

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Defendants

**MOTION RECORD
(Volume 2 of 2)**

April 15, 2013

ROBINS, APPLEBY & TAUB LLP
Barristers & Solicitors
120 Adelaide Street West
Suite 2600
Toronto, ON M5H 1T1

Irving Marks LSUC #19979H
imarks@robapp.com
Telephone: 416-360-3329

Dominique Michaud LSUC #56871V
dmichaud@robapp.com
Telephone: 416-360-3795
Facsimile: 416-868-0306

Lawyers for the Plaintiffs

TO: 1817983 ONTARIO LTD.
1 Queen Street North
Kitchener, ON N2H 2G7

TO: CHRISTODOULOS CHRISTODOULOU
1 Queen Street North
Kitchener, ON N2H 2G7

TO: VECTOR FINANCIAL SERVICES LIMITED
25 Imperial Street, Suite 500
Toronto, ON M5P 1B9

TO: AMK MORTGAGES ONTARIO INC.
2171 Avenue Road, Suite 102
Toronto, ON M5M 4B4

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

and

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Defendants

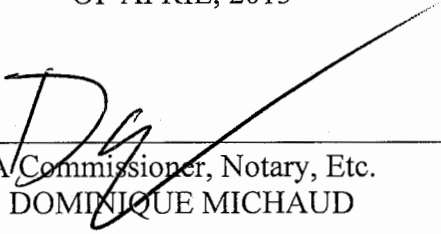
INDEX

TAB	DOCUMENT
1.	Notice of Motion
A.	Schedule "A" – Draft Order
B.	Schedule " B" – Legal Descriptions of the Lands
2.	Affidavit of Noah Mintz sworn April 15, 2013
A.	Copy of PIN for the Property located at 312, 316-318 & 322 North King Street, Waterloo, Ontario
B.	Corporate Profile Report of 1817983 Ontario Ltd.
C.	Corporate Profile Report of Trez Capital Corporation
D.	Corporate Profile Report of Computershare Trust Company of Canada
E.	Copy of Guarantee and Postponement of Claim dated June 11, 2012
F.	Copy of Commitment Letter dated March 2, 2012 and the Amendment Letter dated June 25, 2012

G.	Copy of the Lender's Mortgage Statement dated April 11, 2013
H.	Copy of the Mezzanine Commitment Letter dated May 16, 2012 and the Amendment Letter dated June 25, 2012
I.	Copy of the Mezzanine Loan Mortgage Statement dated April 11, 2013
J.	Copy of the Charge/Mortgage registered as Instrument Number WR696775
K.	Copy of the General Notice of Assignment of Rents registered as Instrument No. WR696776
L.	Copy of the General Security Agreement dated June 11, 2012
M.	Copy of the Lender's PPSA Registration
N.	Copy of the Letter from Robins Appleby & Taub LLP to 1817983 Ontario Ltd. dated September 14, 2012
O.	Copy of the Letter from Robins Appleby & Taub LLP to 1817983 Ltd. dated September 19, 2012
P.	Copy of the Demand Notice dated October 18, 2012
Q.	Copy of the BIA Notice dated October 23, 2012
R.	Copy of the Forbearance Agreement dated November 1, 2012
S.	Copy of the Amended Forbearance Agreement dated November 23, 2012
T.	Copy of the Default Notice dated March 14, 2013
U.	Copy of the Notice of Sale dated March 19, 2013
V.	Copy of the Forbearance Termination Letter dated March 21, 2013
W.	Copy of the Letter from Robins Appleby & Taub LLP to All Subsequent Encumbrancers dated March 21, 2013
X.	Copy of the Appointment Letter dated March 25, 2013
Y.	Copy of the E-mail from Robins Appleby & Taub LLP to Gehl, Gehl LLP dated March 25, 2013
Z.	Copy of the E-mail from Chris Christodoulou to Robins Appleby & Taub LLP dated March 26, 2013

AA.	Copy of the E-mail from Robins Appleby & Taub LLP to Chris Christodoulou dated March 26, 2013
BB.	Copy of E-mail from Gehl, Gehl LLP to Robins Appleby & Taub LLP dated March 26, 2013
CC.	Copy of the Receiver's Memo to File dated March 29, 2013
DD.	Copy of the E-mail from Robins Appleby & Taub LLP to Gehl, Gehl LLP dated March 26, 2013
EE.	Copy of the E-mail Chain between Robins Appleby & Taub LLP and Gehl, Gehl LLP between March 26 and 28, 2013
FF.	Copy of the E-mail from the Receiver to Chris Christodoulou dated March 28, 2013
GG.	Copy of the E-mail from the Receiver to Robins Appleby & Taub LLP dated April 5, 2013
HH.	Copy of the E-mail from the City of Waterloo to the Receiver dated April 11, 2013
II.	Copy of Photographs Taken by the Receiver
JJ.	Copy of the Mortgage in Favour of Vector Financial Services Limited Registered as Instrument No. WR696829
KK.	Copy of the Mortgage in Favour of Vector Financial Services Limited Registered as Instrument No. WR696385
LL.	Copy of the Mortgage in Favour of AKM Mortgages Ontario Inc. Registered as Instrument No. WR697461
MM.	Copy of the Execution Creditor Search dated April 12, 2013
3.	Consent of Ira Smith Trustee & Receiver Inc. to act as Receiver dated April 12, 2013
4.	Draft Order blacklined to Model Order

THIS IS **EXHIBIT "Q"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013


A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the *Bankruptcy and Insolvency Act*)

TO: 1817983 Ontario Ltd.
1 Queen Street North
Kitchener, ON N2H 2G7

AND TO: Christodoulos Christodoulou
1 Queen Street North
Kitchener, ON N2H 2G7

TAKE NOTICE THAT:

1. Trez Capital Corporation, Trez Capital Limited Partnership and the Computershare Trust Company of Canada, collectively a secured creditor, intends to enforce its security on the property of the insolvent person/corporation described in the attached Schedule "A":
2. The security that is to be enforced is in the form of:
 - (a) Charge/Mortgage between 1817983 Ontario Ltd., as Chargor and Computershare Trust Company of Canada as Chargee registered as Instrument WR696775;
 - (b) Notice of Assignments of Rents - General between 1817983 Ontario Ltd. and Computershare Trust Company of Canada registered as Instrument No. WR696776;
 - (c) Financing Statement No. 20120620 0941 1862 1517 (Business Debtor - 1817983 Ontario Ltd.);
 - (d) Financing Statement No. 20120620 0943 1862 1518 (Individual Debtor - Christodoulos Christodoulou);
 - (e) Guarantee and Postponement of Claim of Christodoulos Christodoulou dated June 11, 2012;
 - (f) General Security Agreement between Computershare Trust Company of Canada and 1817983 Ontario Ltd., dated June 11, 2012;
 - (g) Assignment of Material Contracts and Agreements Computershare Trust Company of Canada and 1817983 Ontario Ltd., dated June 11, 2012;
 - (h) Debt Service and Cost Overrun Agreement between 1817983 Ontario Ltd., Computershare Trust Company of Canada and Christodoulos Christodoulou dated June 11, 2012;
 - (i) Debt Service and Cost Overrun Agreement re: Sierra Construction (Woodstock) Limited dated May 31, 2012;
 - (j) Share Pledge Agreement between Christodoulos Christodoulou and Computershare Trust Company of Canada Company dated June 11, 2012; and

- (k) Undertaking of Borrower (1817983 Ontario Ltd.) to Pay Soft Payables dated June 21, 2012.
3. The total amount of indebtedness secured by the security as October 18, 2012, is \$6,847,623.03 plus per diem interest in the amount of \$1,465.28;
 4. The secured creditor will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 23rd day of October, 2012.

**TREZ CAPITAL CORPORATION, TREZ
CAPITAL LIMITED PARTNERSHIP AND
COMPUTERSHARE TRUST COMPANY OF
CANADA**

by its solicitors,

ROBINS APPLEBY & TAUB LLP

120 Adelaide St. West

Suite 2600

Toronto, Ontario M5H 1T1

Per: 

Dominique Michaud

File No. 1200354

Phone: 416-360-3795

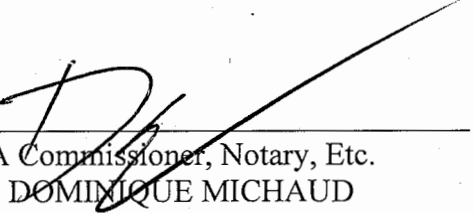
Fax: 416-868-0306

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the Bankruptcy and Insolvency Act apply to the enforcement of this security.

SCHEDULE "A"

PIN	22361-0416 LT
Description	1stly: PT. Lot 74 Sub. Lot 13 G.C.T., being PT. 2 ON 58R-15301; 2ndly: PT. Lot 73 Sub. Lot 13 G.C.T., being PT. 1 ON 58R-15301; 3rdly: PT. Lot 74 Sub. Lot 13 G.C.T., as in 1121892; 4thly: PT. Lot 72 Sub. Lot 13 G.C.T., as in 674418; subject to an easement for entry as in WR251469; City of Waterloo and municipally known as 316 King Street North, Waterloo, Ontario.

THIS IS **EXHIBIT "R"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

FORBEARANCE AGREEMENT

THIS AGREEMENT made this 1st day of November 2012

BETWEEN:

**TREZ CAPITAL CORPORATION and TREZ
CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF
CANADA**

(hereinafter the "Lender")

OF THE FIRST PART

AND:

1817983 ONTARIO LTD.

(hereinafter the "Borrower")

OF THE SECOND PART

AND:

CHRISTODOULOS CHRISTODOULOU

(hereinafter the "Guarantor")

OF THE THIRD PART

WHEREAS the Borrower is the registered owner of those lands and premises located 312, 316-318 & 322 North King Street, Waterloo, Ontario (the "Property");

AND WHEREAS the Borrower and Guarantor entered into a Commitment Letter dated March 2, 2012, (the "Commitment"), issued by Trez Capital Corporation on behalf of the Computershare Trust Company of Canada, wherein the Lender agreed to loan the principal sum of \$18,400,000.00 on the terms and conditions set out in the Commitment (the "Loan");

AND WHEREAS the Commitment was amended to extend the expiry of the loan offer by the Amending Letter dated June 25, 2012;

AND WHEREAS the Borrower obtained the Loan to discharge existing financing and obtain a first mortgage on the existing 119 student residence situated on the Property (the "Existing Building") and to complete the construction of a new 200 room student residence to be located on the Property (the "Project");

AND WHEREAS as security for the Loan, the Borrower and the Guarantor, as

applicable, executed the security as set out in Schedule "A" (the **Security**"), on the terms and conditions set forth therein, including the mortgage registered against the Property in first priority as instrument number WR696775 (the **Lender's Mortgage**");

AND WHEREAS the Lender holds a second mortgage in the principal amount of \$3,285,000.00 registered against the Property as instrument number WR696777 (the **Lender's Second Mortgage**");

AND WHEREAS Vector Financial Services Limited (**Vector**) holds a third mortgage in the principal amount of \$300,000.00 registered against the Property as instrument number WR696829 (the **Vector Mortgage**");

AND WHEREAS Vector holds a fourth mortgage in the principal amount of \$1,625,000.00 registered against the Property as instrument number WR696835 (the **Vector Second Mortgage**");

AND WHEREAS AMK Mortgages Ontario Inc. holds a fifth mortgage in the principal amount of \$200,000.00 registered against the Property as instrument number WR697461 (the **AMK Mortgage**");

AND WHEREAS the Guarantor, in consideration for and as a condition of the Loan, provided an unlimited guarantee in respect of the repayment of all monies secured by the Security by way of Guarantee and Postponement of Claim dated June 11, 2012 (the **Guarantee**");

AND WHEREAS the Borrower has defaulted on the Loan and the Lender has set out the events of default and demanded repayment of Loan by letter dated October 18, 2012 (the **Demand Notice**");

AND WHEREAS the Lender has delivered to the Borrower and the Guarantor a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* dated October 23, 2012 (the **BIA Notice**");

AND WHEREAS the Lender has agreed to forbear from taking any further steps to enforce the Security held by the Lender on the terms and conditions set forth herein until February 7, 2014 (the **Forbearance Date**");

AND WHEREAS the Lender is in no way waiving its rights to continue to enforce its Demand Notice and enforcement of the Security, upon the earlier termination of the Forbearance Period (defined below), and a Forbearance Terminating Event (defined below); and

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Borrower and Guarantor to the Lender and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereby agree as follows:

ARTICLE 1.00- RECITALS AND ACKNOWLEDGEMENTS

- 1.1 The parties hereto acknowledge and confirm the recitals are true and accurately set out the facts relative to the Loan and Security.
- 1.2 The Borrower and Guarantor acknowledge that as of October 18, 2012, the Borrower was indebted to the Lender in the aggregate amount **\$6,847,623.03** plus accrued and ongoing interest and reasonable costs accruing after October 18, 2012 and the fees in Article 4 below (collectively, the "**Indebtedness**"), without right of set-off or defense or equity which would reduce the amounts currently owing, and notwithstanding the provisions of the *Limitations Act, 2002*, based on their current knowledge or what they ought to know in the circumstances.
- 1.3 The Borrower and Guarantor acknowledge that the Borrower is in default of its obligations to the Lender as set out in the Demand Notice.
- 1.4 The Borrower and Guarantor further acknowledge that the Lender is entitled to terminate the Loan and no further credit is available to the Borrower thereunder.
- 1.5 The Borrower and Guarantor acknowledge that the Security for the Indebtedness provided by each of them is valid and enforceable by the Lender in accordance with its respective terms without defence or right of set-off or equity, as of the date hereof, and that the Lender shall be free to exercise its rights under the Security at the end of the Forbearance Period (defined below) or upon a Forbearance Terminating Event (defined below), without interference, objection or action by the Borrower or Guarantor in respect of the validity or enforceability of the Security and that the Lender is relying upon this acknowledgement in providing its agreement as set forth herein.
- 1.6 The Borrower and the Guarantor hereby consent to the terms of the Lender's forbearance and other accommodations as set out herein. The Borrower and the Guarantor specifically acknowledge that they have, as of the date hereof, no defences, counterclaims or rights of set-off or reduction to any claims which might be brought by the Lender under the security granted by the Borrower or the Guarantor to the Lender or in respect of the, notwithstanding the provisions of the *Limitations Act, 2002*.
- 1.7 The Borrower and the Guarantor hereby agree that, upon the execution of this Agreement, they shall each absolutely and irrevocably release the Lender, its officers, directors, employees, solicitors and agents (the "**Releasees**") of and from any and all claims which they may have in respect of the Default against the Releasees up to and including the date hereof including, without limitation, any actions taken by the Lender in dealing with the Borrower, the Guarantor, the Loan or with the administration of the Borrower's accounts with the Lender.
- 1.8 The Guarantor hereby certifies that the most recent net worth statement provided by him to the Lender remains accurate.

ARTICLE 2.00- COVENANTS**2.1 During the Forbearance Period, the Borrower and the Guarantor:**

- (a) shall, by November 1, 2012, enter into a fixed price bonded contract with Protrend Arrow Construction Inc. ("**Protrend**") for the construction of the Project (the "**Construction Contract**"), subject to approval by the Lender;
- (b) shall, by November 1, 2012, provide the Lender with a Debt Service and Costs Overrun Agreement (the "**DSCOA**") executed by Protrend in the same form as the Debt Service Costs Overrun Agreement between the Lender, the Borrower and Sierra Construction (Woodstock) Limited dated May 31, 2012;
- (c) shall take the necessary steps required by the Lender to have any construction lien registered on title to the Property vacated and removed from title of the Property at a time determined and satisfactory to the Lender;
- (d) shall, by November 5, 2012, pay interest in the sum of \$45,127.87 coming due under the Loan on November 7, 2012;
- (e) agrees that interest owing during the balance of the Forbearance Period is to be paid monthly on the seventh day of each month;
- (f) shall commence the construction of the Project by November 8, 2012;
- (g) shall complete the construction of the Project and have Project ready for occupancy by September 1, 2013. The Borrower shall complete the following steps to complete the construction of the Project, within the scope of the existing construction budget to be verified by the quantity surveyor, in accordance with the following timetable attached as Schedule "B" (the "**Completion Timetable**");
- (h) agrees not to make any payments of any kind to shareholders or related parties to the Borrower and Guarantor, without the consent of the Lender, in its sole discretion;
- (i) shall maintain and preserve the Existing Building and the Project (collectively, the "**Assets**");
- (j) shall maintain in good standing all insurance policies on the Project;
- (k) shall pay all of the Lender's reasonable legal fees, expenses or disbursements made by or incurred by or on behalf of the Lender in connection with the Loan including, without limitation, issuance of demands, review of the Security, preparation of this Agreement, and any action to monitor, advise, enforce or collect the Loan, or enforce any obligations of the Borrower under this Agreement or otherwise. The Lender's legal fees, expenses and disbursements will be paid to the Lender's lawyers by way of an advance of funds of the Loan immediately following the vacating and removal of the construction liens registered on title to

the Property as contemplated above in Article 2.1(c);

- (l) shall not commit or permit any further breach of the Commitment, the Security or any other agreements or security, which the Borrower has with the Lender;
- (m) shall not create or permit to exist any further mortgage, hypothec, charge, pledge, lien, encumbrance or other security interest or allow to arise (other than in the ordinary course of business and other than inchoate liens for taxes not yet due) any statutory trust, upon or against the undertaking, property or assets of the Borrower or any part thereof;
- (n) shall not make a proposal, or apply for, or seek, relief from its creditors, under the *Bankruptcy and Insolvency Act, the Companies' Creditors Arrangement Act*, or any other legislation granting relief from creditors, without first delivering to the Lender two (2) Business Days prior written notice of any such proposed action, unless the prior written consent of the Lender is obtained;
- (o) shall ensure that all amounts which the Borrower is required to remit under any statute including, without limitation, the *Employment Insurance Act, Canada Pension Plan, Income Tax Act, Excise Tax Act, Workplace Safety and Insurance Act* or any other like statute giving rise to a statutory lien or deemed trust, are remitted as the same become hereafter due and payable and provide the Lender with evidence of same forthwith after payout;
- (p) until the Indebtedness owing to the Lender has been fully repaid, shall make no payments to any other lender or creditor in connection with the Project;
- (q) shall fulfill and perform, and not commit or permit a breach of, the provisions of this Agreement;
- (r) shall maintain the corporate existence of the Borrower as a valid and subsisting corporate entity;
- (s) the Borrower shall comply with all applicable environmental laws, which include, but are not limited to, any applicable law respecting the natural environment, public or occupational health or safety, and the manufacture, importation, handling, transportation, storage, disposal and treatment of hazardous materials or substances, respecting the ownership and operation of its business; and
- (t) shall not make, allow, accept or approve the repayment of any amounts owing by the Borrower to any 'related person' as such term is defined under the *Bankruptcy and Insolvency Act*.

ARTICLE 3.00- LENDER COVENANTS AND ACKNOWLEDGEMENTS

- 3.1 The Lender agrees to forbear from taking any further action to enforce the Security or to initiate any proceedings to petition the Borrower or the Guarantor into bankruptcy, save and except as set out herein, during the Forbearance Period, defined as the period

commencing on the date of this Agreement and ending on the earlier of (i) the Forbearance Date or (ii) the occurrence of a Forbearance Terminating Event (defined below) (the "**Forbearance Period**").

ARTICLE 4.00- FEES

- 4.1 All reasonable legal fees and professional fees and disbursements incurred, or to be incurred, by the Lender in connection with the Borrower, including, without limitation, in connection with the operation and enforcement of this Agreement or the Security, are for the account of the Borrower and shall be added to the Indebtedness and secured by the Security.
- 4.2 The Borrower shall pay to the Lender in consideration of this Agreement, and the indulgences granted by the Lender:
- (a) a fee in the amount of Thirty Thousand Dollars (\$30,000.00) (the "**Forbearance Fee**") by November 5, 2012. The Forbearance Fee is agreed to be fully earned by the Lender upon the execution of this Agreement by the Borrower; and
 - (b) a monthly administration fee in the amount of ten thousand dollars (\$10,000.00) per month that shall be added to the Indebtedness monthly on the first day of each month and secured by the Security and become payable on the Forbearance Date or earlier date of payment of the Indebtedness (the "**Default Administration Fee**"). The Lender agrees to reduce the Default Administration Fee to two thousand five hundred dollars (\$2,500.00) per month in the event there is no default under this Agreement.

ARTICLE 5.00- DEFAULT

- 5.1 The Borrower and Guarantor confirm that they have previously received the Demand Notice and that in the event of:
- (a) any monetary default under this Agreement, the Commitment or the Security which is not cured within 2 days of written notice from the Lender to the Borrower and Guarantor detailing the breach;
 - (b) a breach of any of the terms of this Agreement, the Commitment or the Security other than monetary default, including the deadlines set out in the Completion Timetable, which is not cured within 7 days written notice from the Lender to Borrower detailing the breach;
 - (c) except where such proceeding is dismissed or otherwise resolved in favour of the Borrower within 30 days after commencement of the same, any proceeding against or affecting the Borrower (i) seeking to adjudicate it as a bankrupt; (ii) seeking liquidation, dissolution, winding up; or (iii) seeking appointment of a receiver, bankruptcy, trustee, agent, custodian or other similar official for it or for a substantial part of its property and assets, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or the making

of a proposal with respect to or under any law relating to bankruptcy, insolvency, reorganization, arrangement or compromise of debt;

- (d) an execution, writ of seizure and sale, or sequestration of any other like process which becomes enforceable against the Borrower or a distress or analogous process is levied upon any of its assets;
- (e) any statement, certification, representation or warranty made by the Borrower to the Lender which is false, misleading or incorrect in any material respect as at the time at which it is made;
- (f) a cessation of the Borrower's business in the ordinary course;
- (g) any action or proceeding is threatened or commenced which brings into issue the validity or enforceability of the Lender's security;
- (h) any seizure or attempted seizure by any creditor, secured, unsecured or preferred, or any government or agent thereof, of any material property or assets of the Borrower;
- (i) any material deterioration, in the opinion of the Lender acting reasonably, in the value of the assets and property of the Borrower or in the realizable value of the Lender's security or in the priority of the Lender's security.

(each of which shall be referred to as a "**Default**" or a "**Forbearance Terminating Event**") then, the Lender may enforce its rights to seek immediate repayment of the Loan pursuant to the Demand Notice, including immediately terminating this Agreement, exercising any and all rights under the Security held by it without further notice to the Borrower or Guarantor. In particular, without limiting the generality of the foregoing, the Lender may immediately in any of such events appoint a private receiver and manager (the "**Receiver**") as designated by the Lender or seek the appointment of a Receiver by the court on behalf of the Borrower in respect of all assets and undertakings of the Borrower in accordance with the terms of the Security. The Borrower hereby consents to the appointment of a private or court appointed Receiver and covenants not to take any steps to oppose or interfere with such appointment and to provide all reasonable assistance, access to all books, records, assets and documents of the Borrower to permit such Receiver to properly fulfil its duties.

- 5.2 The Lender may waive in writing any Default, in its sole and absolute discretion, but no such waiver shall constitute a waiver of any or other subsequent Default.

ARTICLE 6.00- GENERAL

- 6.1 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.
- 6.2 Time shall be of the essence of this Agreement and every part hereof.

- 6.3 The following Schedules are attached hereto and form part of the Agreement:
- Schedule "A" - List of Security
 - Schedule "B" - Completion Timetable
 - Schedule "C" - Certificate of Independent Legal Advice (defined below)
- 6.4 Upon the expiry of the Forbearance Period or upon the occurrence of a Default, which is continuing and has not been cured within the time permitted, this Agreement shall terminate and the Lender shall be entitled to proceed to take such steps as it may deem necessary to collect the Indebtedness.
- 6.5 No delay or omission on the part of the Lender in exercising any right or remedy shall operate as a waiver thereof, and any waiver of the rights given to the Lender hereunder or under the Commitment or the Lender's Security shall only be effective and binding upon the Lender if specifically given in writing by the Lender to the Borrower.
- 6.6 This Agreement constitutes the entire agreement between the Borrower and the Lender as to the matters dealt with herein. There are not, and shall not be, any oral statements, representations, warranties, undertakings or Agreements between the Lender and the Borrower.
- 6.7 The Borrower shall from time to time and at all times hereafter, at every reasonable request of the Lender, make, do, execute and delivery, or cause to be made, done, executed and delivered, all such further acts, deeds and assurances and things as may be necessary or desirable in the opinion of the Lender for more effectually implementing the true intent and meaning of this Agreement.
- 6.8 The provisions hereof shall operate and apply without prejudice to any rights which the Lender may now or in the future have in respect of the Loan, or other liabilities, indebtedness or obligations, whether direct or indirect, matured or not, contingent or otherwise, of the Borrower or the Guarantor to the Lender.
- 6.9 In the event that one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality or enforceability of the remaining provisions hereof shall not be affected or impaired thereby. Each of the provisions of this Agreement is hereby declared to be separate and distinct.
- 6.10 This Agreement is being made in the Province of Ontario and shall be construed, interpreted and performed in accordance with the laws of the Province of Ontario and the applicable laws of Canada.
- 6.11 This Agreement may be executed in any number of counterparts and by different parties in separate counterparts and each of such counterparts shall be deemed to be an original document and such counterparts, taken together, shall constitute one and the same document. A party may deliver this Agreement by telecopy or email transmission and

the signature of such party so delivered may be relied upon by the other parties as though an original.

- 6.12 Save as amended herein all other terms and provisions of the Commitment remain in full force and effect.
- 6.13 The Borrower and Guarantor have obtained independent legal advice with respect to the terms and conditions of this Agreement. The Borrower and Guarantor will provide a Certificate of Independent Legal Advice ("**Certificate of Independent Legal Advice**") in the form attached hereto as Schedule "C" upon execution of this Agreement.
- 6.14 All notices or other communications to be given pursuant to or in connection with this Agreement shall be in writing, signed by the party giving such notice or by its solicitors, and shall be personally delivered or sent by registered mail or by facsimile transmission and email addressed as follows:

(a) **To the Borrower and Guarantor:**

Attention: Nicholas Gehl

Gehl, Gehl- Barristers and Solicitors
420 Weber St. North
Waterloo, Ontario, N2L 4E7

ngehl@gehlgehl.com

Fax: (519) 886-8223

-And-

Attention: Christodoulos Christodoulou

1817983 Ontario Ltd.
1 Queen Street North
Kitchener, ON N2H 2G7

chris@downtownfinancial.ca

(b) **To the Lender:**

Attention: Irving Marks and Dominique Michaud

Robins Appleby & Taub LLP
120 Adelaide Street West, Suite 2600
Toronto, Ontario, M5H 1T1

imarks@robapp.com
dmichaud@robapp.com

Fax: 416-868-0306

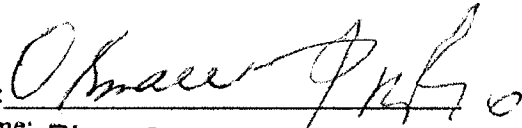
Any notice given by personal delivery shall be deemed to have been received on the day of and at the time of such delivery, provided that if such day is not a business day, then such notice shall be deemed to have been received at 9:00 a.m. on the next following business day. Any notice given by facsimile transmission or email transmission shall be deemed to have been received, in the absence of evidence to the contrary, on the day of and one (1) hour after the time of its transmission. A read receipt in respect of any notice given by email transmission shall constitute rebuttable presumptive evidence that such notice was received by the party intended to receive it. Any notice given by registered mail shall be deemed to have been received at 2:00 p.m. on the second business day after the posting thereof. Any notice requesting or requiring response within five (5) or less business days from the date thereof shall be given by personal delivery, facsimile transmission or email transmission. In the event of actual or reasonably anticipated postal disruption, all notices shall only be given by personal delivery, facsimile transmission or email transmission. Any party may from time to time, by notice given as provided herein, change its mailing address, email address or fax number for the purposes of this provision.

- 6.15 This Agreement shall be open for acceptance by the Borrower and the Guarantor until November 1, 2012, failing which it shall be deemed null and void and without further force and effect.


SIGNATURES APPEAR ON THE FOLLOWING PAGE

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date above written.


COMPUTERSHARE TRUST COMPANY OF CANADA

Per: 
 Name: **Diane Small**
 Title: **Manager, MBS** Aaron Cao
 Administrator, MBS
 I/We have authority to bind the corporation

TREZ CAPITAL CORPORATION

Per: 
 Name: **SANDY HANSEN**
 Title: **CHIEF FINANCIAL OFFICER**
 I/We have authority to bind the corporation

TREZ CAPITAL LIMITED PARTNERSHIP

Per: 
 Name: **SANDY HANSEN**
 Title: **CHIEF FINANCIAL OFFICER**
 I/We have authority to bind the corporation

1817983 ONTARIO LTD.

Per: _____
 Name:
 Title:
 I/We have authority to bind the corporation

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date above written.

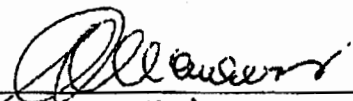
COMPUTERSHARE TRUST COMPANY OF CANADA

ORIGINAL DOCUMENTS TO
BE COURIERED

Per: _____
Name:
Title:

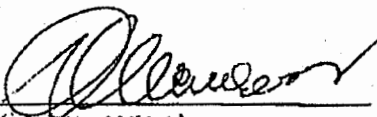
I/We have authority to bind the corporation

TREZ CAPITAL CORPORATION

Per: 
Name: SANDY HANSON
Title: CHIEF FINANCIAL OFFICER

I/We have authority to bind the corporation

TREZ CAPITAL LIMITED PARTNERSHIP

Per: 
Name: SANDY HANSON
Title: CHIEF FINANCIAL OFFICER

I/We have authority to bind the corporation

1817983 ONTARIO LTD.

Per: _____
Name:
Title:

I/We have authority to bind the corporation

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date above written.

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: _____
Name:
Title:

I/We have authority to bind the corporation

TREZ CAPITAL CORPORATION

Per: _____
Name:
Title:

I/We have authority to bind the corporation

TREZ CAPITAL LIMITED PARTNERSHIP

Per: _____
Name:
Title:

I/We have authority to bind the corporation

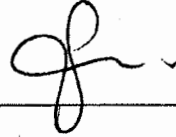
1817983 ONTARIO LTD.

Per: _____
Name: *CHRIS CHRISTODOULOU*
Title: *president*

I/We have authority to bind the corporation

CHRISTODOULOS CHRISTODOULOU

Per: _____

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by a series of loops and a horizontal stroke, positioned above a solid horizontal line.

SCHEDULE "A"**SECURITY**

- (a) Charge/Mortgage between 1817983 Ontario Ltd., as Chargor and Computershare Trust Company of Canada as Chargee registered as Instrument WR696775;
- (b) Notice of Assignments of Rents - General between 1817983 Ontario Ltd. and Computershare Trust Company of Canada registered as Instrument No.WR696776;
- (c) Financing Statement No. 20120620 0941 1862 1517 (Business Debtor - 1817983 Ontario Ltd.);
- (d) Financing Statement No. 20120620 0943 1862 1518 (Individual Debtor – Christodoulos Christodoulou);
- (e) Guarantee and Postponement of Claim of Christodoulos Christodoulou dated June 11, 2012;
- (f) General Security Agreement between Computershare Trust Company of Canada and 1817983 Ontario Ltd., dated June 11, 2012;
- (g) Assignment of Material Contracts and Agreements Computershare Trust Company of Canada and 1817983 Ontario Ltd., dated June 11, 2012;
- (h) Debt Service and Cost Overrun Agreement between 1817983 Ontario Ltd., Computershare Trust Company of Canada and Christodoulos Christodoulou dated June 11, 2012;
- (i) Debt Service and Cost Overrun Agreement re: Sierra Construction (Woodstock) Limited dated May 31, 2012;
- (j) Debt Service and Cost Overrun Agreement re: Protrend-Arrow Construction Inc. dated November 1, 2012;
- (k) Share Pledge Agreement between Christodoulos Christodoulou and Computershare Trust Company of Canada Company dated June 11, 2012; and
- (l) Undertaking of Borrower (1817983 Ontario Ltd.) to Pay Soft Payables dated June 21, 2012

SCHEDULE "B"

THE COMPLETION TIMETABLE

1817983 ONTARIO INC
40 Unit Apartment Building
Proposed Student Housing Development
316 - 318 King St North, Waterloo, Ontario

Preliminary Review Report
and Report No.1
on the Status of the Project
at September 30, 2012

4. PROGRESS REPORT AND CONSTRUCTION SCHEDULE

4.1 PROGRESS REPORT

We visited the project site on August 24, 2012 and the following were our observations:

- Demolition complete
- Temporary Fencing erected around the site boundary
- Temporary Toilets in place on site
- Site preparation and earthworks has commenced

4.2 CONSTRUCTION SCHEDULE

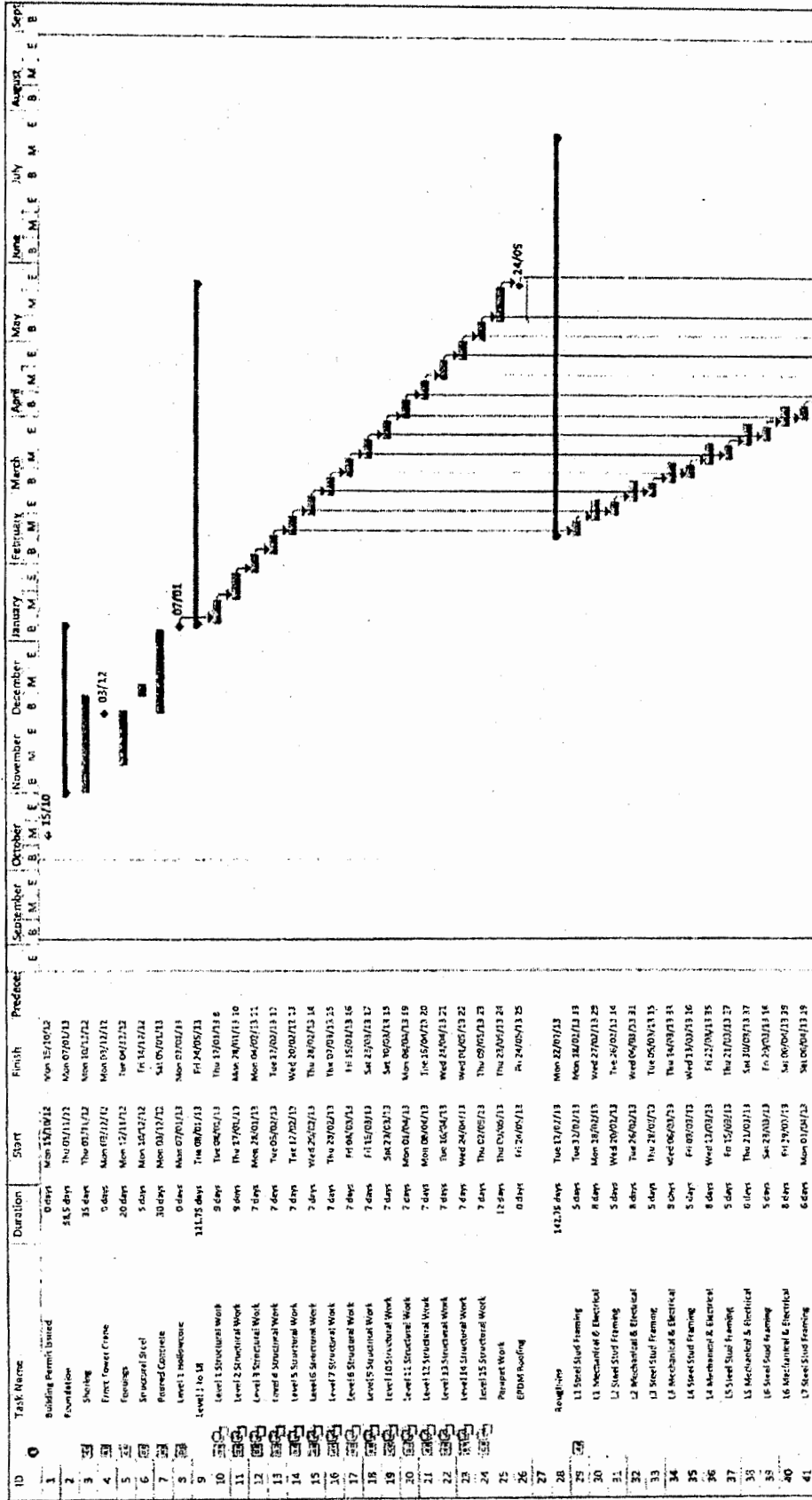
We have been provided by the Borrower with a copy of the construction schedule prepared by Protrend Arrow Construction Inc which indicates that construction will commence on November 1, 2012 with completion anticipated by August 30, 2013. This represents a ten (10) month construction schedule. **We consider this schedule very aggressive, however, based on the experience of the contractor and their declaration to complete the project as outlined we have predicated our cashflow schedule on the basis that Substantial Performance will be achieved by August 30, 2012 with overall completion in September 2013 and Release of Construction Lien Holdback in October 2013.**

The Borrower has provided us with a copy of the CCDC 11 Contractors Qualification Statement which indicates previous projects undertaken and completed by the contractor including three (3) student resident projects within the City of Waterloo designed by Somfay Masri Architects, the project Architects for this development. We have also been provided with copies of the resumes from the various personnel who will be working on the development including the Site Superintendent and Project Manager.

A copy of the construction schedule provided is enclosed hereunder.

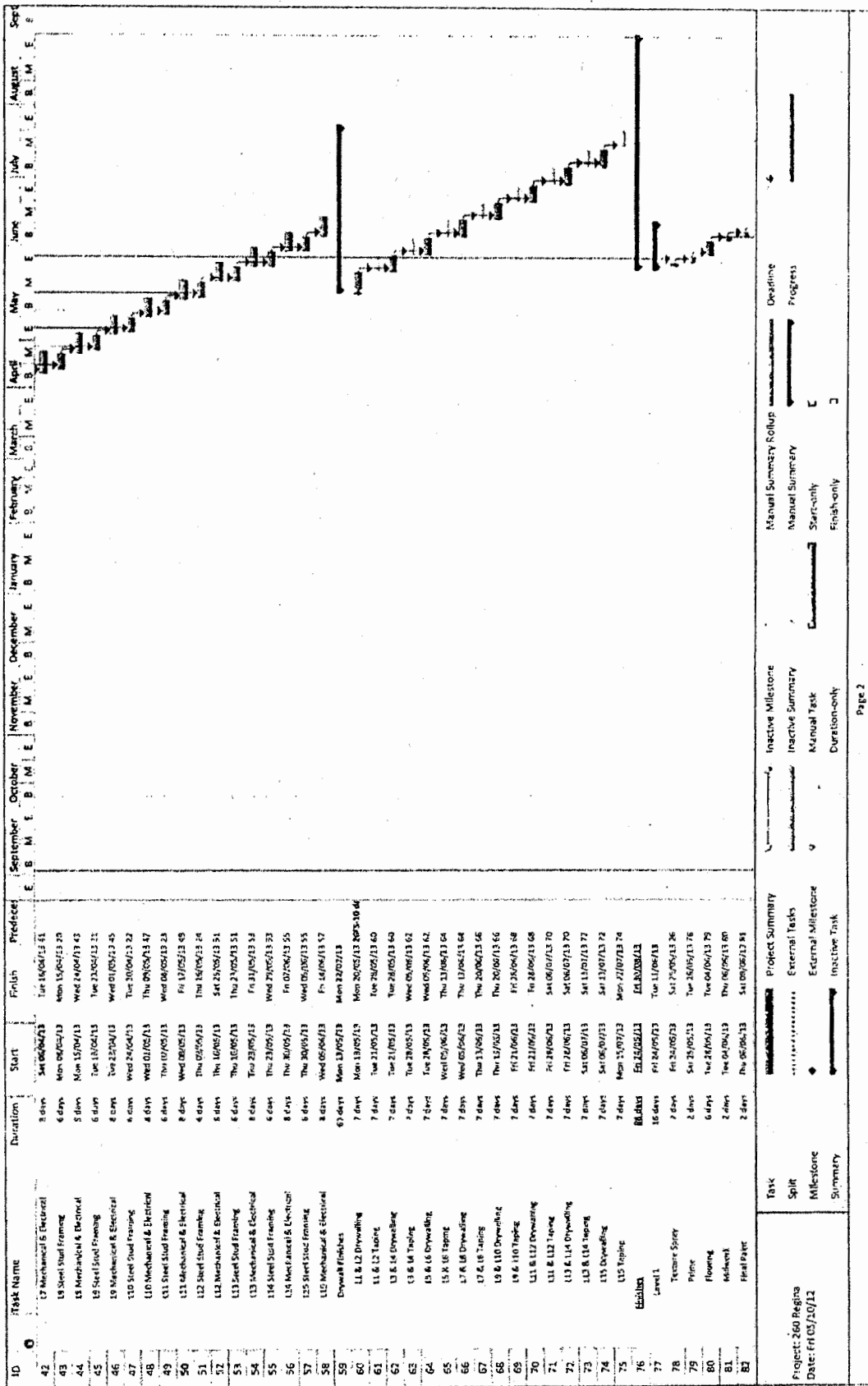
A copy of the CCDC 11 Contractors Qualification Statement and the resumes provided are enclosed hereunder.

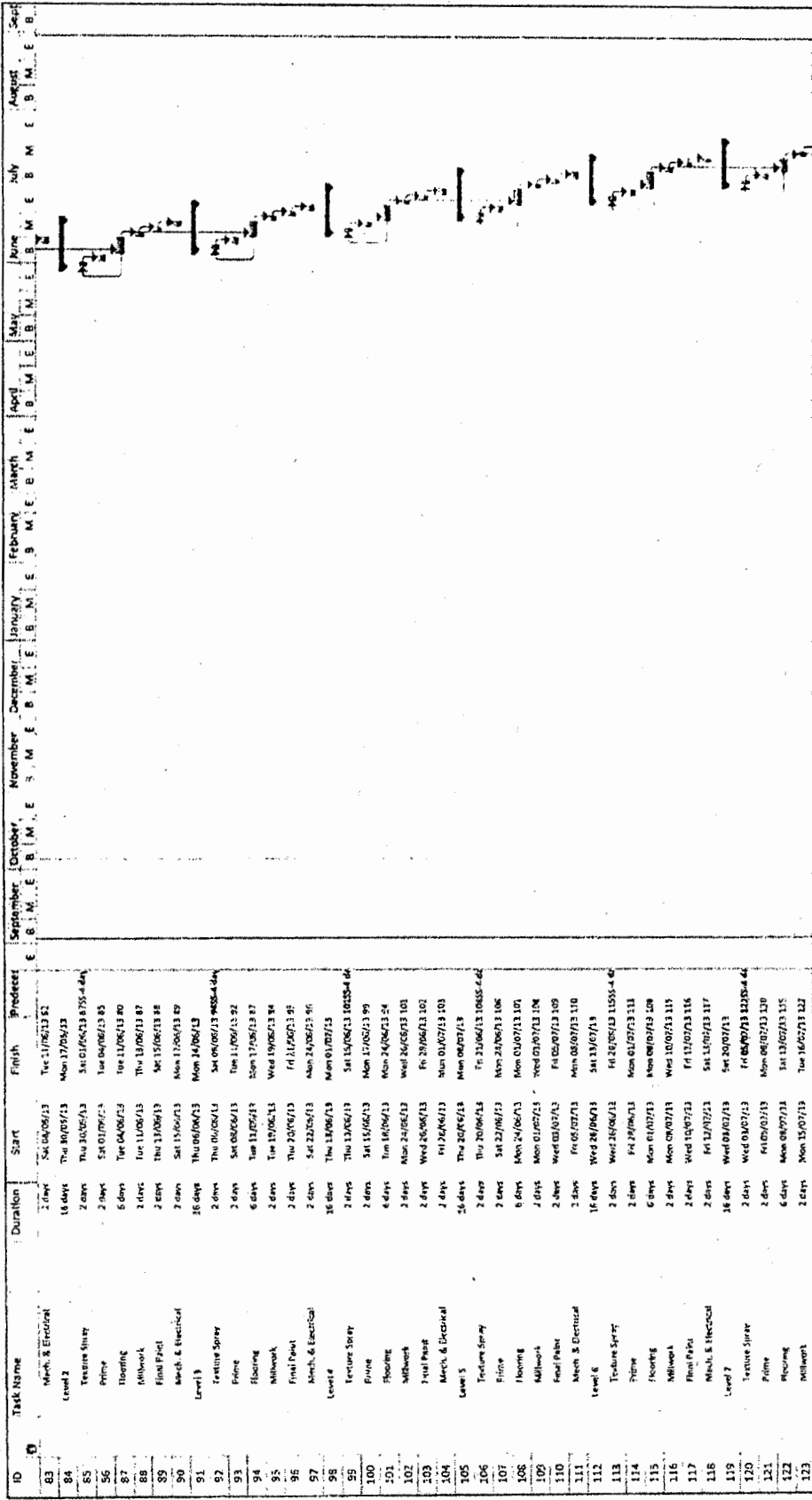
PELICAN WOODCLIFF INC.



ID	Task Name	Duration	Start	Finish	Preceded	September	October	November	December	January	February	March	April	May	June	July	August	Sept
1	Building Permit (based)	0 days	Mon 11/01/12	Mon 11/01/12														
2	Foundation	5.5 days	Tue 01/11/12	Mon 07/01/12														
3	Shoring	15 days	Thu 01/11/12	Mon 10/12/12														
4	First Tower Crane	0 days	Mon 03/12/12	Mon 03/12/12														
5	Framing	20 days	Mon 12/11/12	Tue 04/12/12														
6	Structural Steel	5 days	Mon 12/11/12	Fri 14/12/12														
7	Formed Concrete	30 days	Mon 03/11/12	Sat 05/05/12														
8	Level 1 Hollowcore	0 days	Mon 07/01/12	Mon 07/01/12														
9	Level 1 to 18	111.75 days	Tue 08/01/12	Fri 24/05/12														
10	Level 1 Structural Work	9 days	Tue 08/01/12	Thu 13/01/12														
11	Level 2 Structural Work	9 days	Thu 13/01/12	Mon 24/01/12														
12	Level 3 Structural Work	7 days	Mon 24/01/12	Mon 04/02/12														
13	Level 4 Structural Work	7 days	Tue 05/02/12	Tue 13/02/12														
14	Level 5 Structural Work	7 days	Tue 13/02/12	Wed 20/02/12														
15	Level 6 Structure West	7 days	Wed 20/02/12	Thu 28/02/12														
16	Level 7 Structural Work	7 days	Thu 28/02/12	Thu 07/03/12														
17	Level 8 Structural Work	7 days	Fri 09/03/12	Fri 15/03/12														
18	Level 9 Structural Work	7 days	Fri 15/03/12	Sat 23/03/12														
19	Level 10 Structural Work	7 days	Sat 23/03/12	Sat 30/03/12														
20	Level 11 Structural Work	7 days	Mon 01/04/12	Mon 09/04/12														
21	Level 12 Structural Work	7 days	Mon 09/04/12	Tue 16/04/12														
22	Level 13 Structural Work	7 days	Tue 16/04/12	Wed 24/04/12														
23	Level 14 Structural Work	7 days	Wed 24/04/12	Wed 01/05/12														
24	Level 15 Structural Work	7 days	Thu 01/05/12	Thu 07/05/12														
25	Precast Work	12 days	Thu 07/05/12	Thu 23/05/12														
26	EPDM Roofing	0 days	Fri 24/05/12	Fri 24/05/12														
27																		
28	Rough-ins	142.25 days	Tue 13/01/12	Mon 22/05/12														
29	L1 Steel Stud Framing	5 days	Tue 13/01/12	Mon 22/01/12														
30	L3 Mechanical & Electrical	8 days	Mon 28/01/12	Wed 27/02/12														
31	L2 Steel Stud Framing	5 days	Wed 28/02/12	Thu 01/03/12														
32	L2 Mechanical & Electrical	8 days	Tue 28/02/12	Wed 08/03/12														
33	L3 Steel Stud Framing	5 days	Thu 29/02/12	Tue 06/03/12														
34	L4 Mechanical & Electrical	8 days	Wed 06/03/12	Thu 14/03/12														
35	L4 Steel Stud Framing	5 days	Fri 07/03/12	Wed 13/03/12														
36	L4 Mechanical & Electrical	8 days	Wed 13/03/12	Fri 22/03/12														
37	L5 Steel Stud Framing	5 days	Fri 15/03/12	Thu 21/03/12														
38	L5 Mechanical & Electrical	8 days	Thu 21/03/12	Sat 30/03/12														
39	L6 Steel Stud Framing	5 days	Sat 23/03/12	Fri 30/03/12														
40	L6 Mechanical & Electrical	8 days	Fri 30/03/12	Sat 06/04/12														
41	L7 Steel Stud Framing	6 days	Mon 01/04/12	Sat 07/04/12														

Project: 360 Segna
Date: Fri 05/10/17

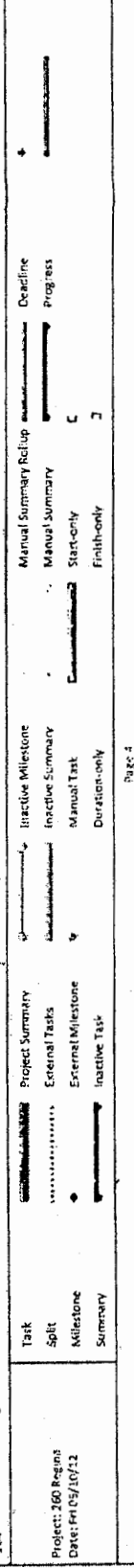




Task	Project Summary	Inactive Milestone	Manual Summary Rollup	Deadline
Task	Project Summary	Inactive Milestone	Manual Summary Rollup	Deadline
Split	Project Summary	Inactive Milestone	Manual Summary Rollup	Deadline
Milestone	Project Summary	Inactive Milestone	Manual Summary Rollup	Deadline
Summary	Project Summary	Inactive Milestone	Manual Summary Rollup	Deadline

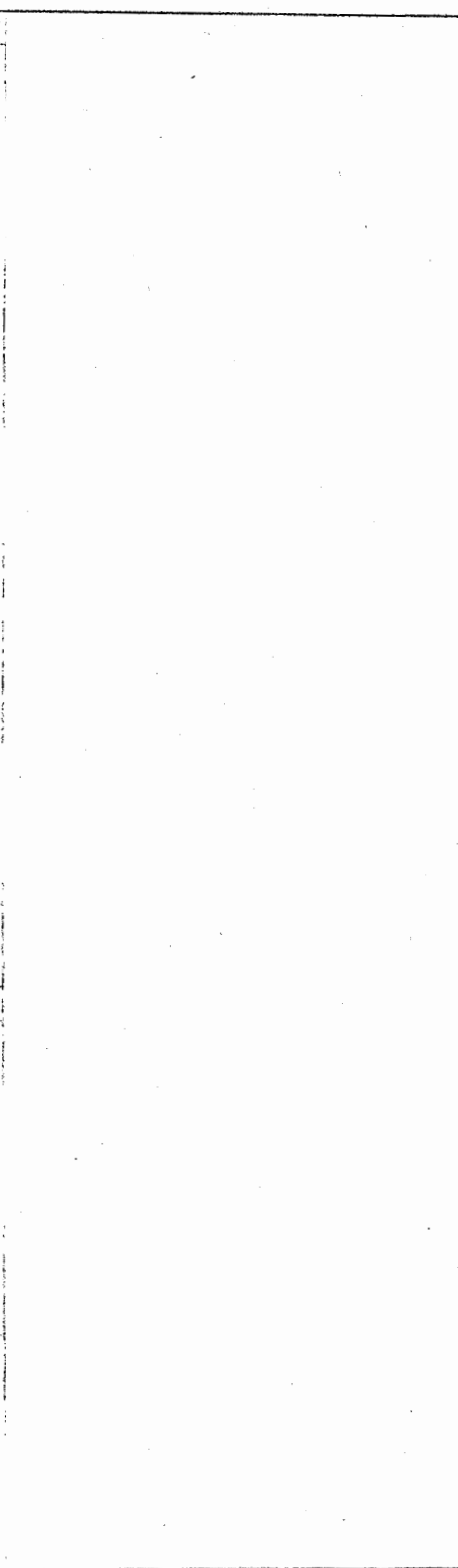
Project: 260 Regna
Date: Fri 05/10/12

ID	Task Name	Duration	Start	Finish	Predecess	September	October	November	December	January	February	March	April	May	June	July	August	Sept
124	Final Paint	2 days	Wed 12/07/11	Thu 12/07/11	123													
125	Mech. & Electrical	2 days	Wed 12/07/11	Thu 12/07/11	124													
126	Level 13	10 days	Wed 12/07/11	Fri 12/07/11	125-4 #1													
127	Texture Spray	2 days	Wed 12/07/11	Thu 12/07/11	127													
128	Prime	2 days	Wed 12/07/11	Thu 12/07/11	128													
129	Floring	6 days	Mon 12/07/11	Mon 12/07/11	129													
130	Milwork	2 days	Mon 12/07/11	Tue 12/07/11	130													
131	Final Paint	2 days	Wed 12/07/11	Thu 12/07/11	131													
132	Mech. & Electrical	16 days	Wed 12/07/11	Sat 12/07/11	132													
133	Level 13	2 days	Wed 12/07/11	Thu 12/07/11	133-4 #6													
134	Texture Spray	2 days	Wed 12/07/11	Thu 12/07/11	134													
135	Prime	6 days	Sat 12/07/11	Sat 12/07/11	135													
136	Flooring	2 days	Sat 12/07/11	Sun 12/07/11	136													
137	Milwork	2 days	Sat 12/07/11	Sun 12/07/11	137													
138	Final Paint	2 days	Tue 12/07/11	Thu 12/07/11	138													
139	Mech. & Electrical	2 days	Thu 12/07/11	Sat 12/07/11	139													
140	Level 13	16 days	Tue 12/07/11	Sat 12/07/11	140													
141	Texture Spray	2 days	Tue 12/07/11	Thu 12/07/11	141													
142	Prime	2 days	Thu 12/07/11	Sat 12/07/11	142													
143	Flooring	6 days	Sat 12/07/11	Tue 12/07/11	143													
144	Milwork	2 days	Sat 12/07/11	Mon 12/07/11	144													
145	Final Paint	2 days	Mon 12/07/11	Tue 12/07/11	145													
146	Mech. & Electrical	2 days	Tue 12/07/11	Thu 12/07/11	146													
147	Level 13	16 days	Tue 12/07/11	Mon 12/07/11	147													
148	Texture Spray	2 days	Tue 12/07/11	Thu 12/07/11	148													
149	Prime	6 days	Thu 12/07/11	Mon 12/07/11	149													
150	Flooring	2 days	Mon 12/07/11	Tue 12/07/11	150													
151	Milwork	2 days	Tue 12/07/11	Wed 12/07/11	151													
152	Final Paint	2 days	Wed 12/07/11	Thu 12/07/11	152													
153	Mech. & Electrical	2 days	Thu 12/07/11	Fri 12/07/11	153													
154	Level 13	16 days	Tue 12/07/11	Mon 12/07/11	154													
155	Texture Spray	2 days	Tue 12/07/11	Thu 12/07/11	155													
156	Prime	2 days	Thu 12/07/11	Sat 12/07/11	156													
157	Flooring	6 days	Sat 12/07/11	Tue 12/07/11	157													
158	Milwork	2 days	Sat 12/07/11	Mon 12/07/11	158													
159	Final Paint	2 days	Mon 12/07/11	Tue 12/07/11	159													
160	Mech. & Electrical	2 days	Tue 12/07/11	Thu 12/07/11	160													
161	Level 13	10 days	Tue 12/07/11	Mon 12/07/11	161													
162	Texture Spray	2 days	Tue 12/07/11	Thu 12/07/11	162													
163	Prime	2 days	Thu 12/07/11	Sat 12/07/11	163													
164	Flooring	6 days	Sat 12/07/11	Tue 12/07/11	164													



Project: 160 Begins
Date: Fri 07/10/11

ID	Task Name	Duration	Start	Finish	Predicted	September	October	November	December	January	February	March	April	May	June	July	August	September
165	Milwork	2 days	Thu 10/02/13	Mon 12/02/13 150														
166	Paint	2 days	Thu 10/02/13	Wed 10/09/13 165														
167	Mech & Electrical	2 days	Thu 10/02/13	Fri 10/09/13 166														
168	Level 14	16 days	Thu 10/02/13	Fri 10/09/13														
169	Texture Spray	2 days	Thu 10/02/13	Wed 10/09/13 171.5-4.46														
170	Prime	2 days	Thu 10/02/13	Fri 10/09/13 169														
171	Flooring	6 days	Sat 10/05/13	Fri 10/11/13 164														
172	Milwork	2 days	Fri 10/04/13	Mon 10/07/13 174														
173	Paint	2 days	Mon 10/07/13	Wed 10/09/13 172														
174	Mech & Electrical	2 days	Wed 10/09/13	Fri 10/11/13 173														
175	Level 15	16 days	Thu 10/02/13	Fri 10/11/13 175-4.46														
176	Texture Spray	2 days	Thu 10/02/13	Fri 10/09/13 176														
177	Prime	2 days	Thu 10/02/13	Fri 10/09/13 176														
178	Flooring	6 days	Sat 10/05/13	Fri 10/11/13 164														
179	Milwork	2 days	Fri 10/04/13	Mon 10/07/13 178														
180	Paint	2 days	Mon 10/07/13	Wed 10/09/13 179														
181	Mech & Electrical	2 days	Wed 10/09/13	Fri 10/11/13 180														
182	Project Completion	0 days	Fri 10/11/13	Fri 10/11/13														



Task	Project Summary	Inactive Milestone	Manual Summary Rollup	Deadline
Split	External Tasks	Inactive Summary	Manual Summary	Progress
Milestone	External Milestone	Manual Task	Manual Summary	Progress
Summary	Inactive Task	Duration only	Finish only	Finish only

SCHEDULE "C"

CERTIFICATE OF INDEPENDENT LEGAL ADVICE

TO: Computershare Trust Company of Canada, Trez Capital Corporation and Trez Capital Limited Partnership (collectively the "Lender")

AND WHEREAS 1817983 Ontario Ltd. (the "**Borrower**") and Christodoulos Christodoulou (the "**Guarantor**") entered into a Commitment Letter dated March 2, 2012, (the "**Commitment**"), issued by Trez Capital Corporation on behalf of the Computershare Trust Company of Canada, wherein the Lender agreed to loan the principal sum of \$18,400,000.00 on the terms and conditions set out in the Commitment (the "**Loan**");

AND WHEREAS the Commitment was amended to extend the expiry of the loan offer by the Amending Letter dated June 25, 2012;

AND WHEREAS the Borrower obtained the Loan to discharge existing financing and obtain a first mortgage on the existing 119 student residence situated on the Property (the "**Existing Building**") and to complete the construction of a new 200 room student residence to be located on the Property (the "**Project**");

AND WHEREAS as security of the Loan, the Borrower and the Guarantor, as applicable, executed the security including the mortgage registered against the Property in first priority as instrument number WR696775 (the "**Lender's Mortgage**");

AND WHEREAS the Guarantor, in consideration for and as a condition of the Loan, provided an unlimited guarantee in respect of the repayment of all monies secured by the Security by way of Guarantee and Postponement of Claim dated June 11, 2012 (the "**Guarantee**");

AND WHEREAS the Borrower has defaulted on the Loan and the Lender has set out the events of default and demanded repayment of Loan by letter dated October 18, 2012 (the "**Demand Notice**");

AND WHEREAS the Lender has delivered to the Borrower and the Guarantor a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* dated October 23, 2012 (the "**BIA Notice**");

AND WHEREAS the Lender has agreed to forbear from taking any further steps to enforce its held by the Lender on the terms and conditions set forth in the Forbearance Agreement dated November 1, 2012 (the "**Forbearance Agreement**");

I, **Nicholas Gehl**, hereby declare that I have been consulted the Borrower and the Guarantor as to the liability which the Borrower and Guarantor would incur by signing the Forbearance Agreement and have also been consulted by the Borrower and the Guarantor in respect of the Demand Notice and the BIA Notice (collectively the "**Default**") and that I have

advised the Borrower and Guarantor fully as to the effect of the said action and the liability which the Borrower and Guarantor would incur in entering into the Forbearance Agreement, the manner in which such liability could be enforced and the possible consequences and ramifications if the Borrower and Guarantor fail to enter into the Forbearance Agreement due to their Default; and that the Borrower and Guarantor understand the nature and effect of the liability which would arise from the taking by the Borrower and Guarantor of the said actions, or the failure of taking such actions; and I hereby further declare that:

1. I have given this advice to the Borrower and Guarantor, as solicitor for the Borrower and Guarantor and in the Borrower and Guarantor's interest only and without regard to or consideration for the interests of the Lender,
2. I have never given any legal advice to the Lender in connection with this matter;
3. the Borrower and Guarantor have executed the Forbearance Agreement in my presence only and no other person was present; and
4. the Borrower and Guarantor appear to have executed the Forbearance Agreement without any threat of compulsion, or any undue influence from third parties.

DATED at _____, Ontario, this ____ day of _____, 2012

ACKNOWLEDGEMENT

I hereby acknowledge and declare that all the above-noted statements are true and correct, that neither the Lender nor any of its officers, employees or agents have used any compulsion or made any threat or exercised any undue influence to induce me to take the actions mentioned in the above-noted certificate, and that **Nicholas Gehl**, the solicitor who executed the above-noted certificate, in advising me as stated therein, was consulted by me as my personal solicitor and in my own interest only.

DATED at _____, Ontario, this ____ day of _____, 2012

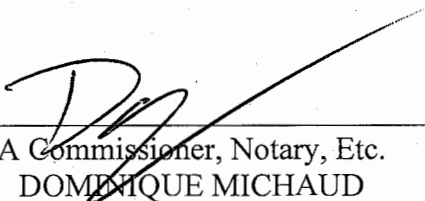
1817983 Ontario Ltd.

I have authority to bind the corporation

DATED at _____, Ontario, this ____ day _____, 2012

Christodoulos Christodoulou

THIS IS **EXHIBIT "S"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

AMENDED FORBEARANCE AGREEMENT

THIS AGREEMENT made this 23rd day of November 2012

BETWEEN:

**TREZ CAPITAL CORPORATION and TREZ
CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF
CANADA**

(hereinafter the "Lender")

OF THE FIRST PART

AND:

1817983 ONTARIO LTD.

(hereinafter the "Borrower")

OF THE SECOND PART

AND:

CHRISTODOULOS CHRISTODOULOU

(hereinafter the "Guarantor")

OF THE THIRD PART

WHEREAS the Borrower is the registered owner of those lands and premises located 312, 316-318 & 322 North King Street, Waterloo, Ontario (the "Property");

AND WHEREAS the Borrower and Guarantor entered into a Commitment Letter dated March 2, 2012, (the "Commitment"), issued by Trez Capital Corporation on behalf of the Computershare Trust Company of Canada, wherein the Lender agreed to loan the principal sum of \$18,400,000.00 on the terms and conditions set out in the Commitment (the "Loan");

AND WHEREAS the Borrower and Guarantor entered into a Commitment Letter dated May 16, 2012, (the "Mezzanine Commitment"), issued by Trez Capital Corporation on behalf of the Computershare Trust Company of Canada, wherein the Lender agreed to loan the principal sum of \$3,135,000 on the terms and conditions set out in the Commitment (the "Mezzanine Loan");

AND WHEREAS the Commitment was amended to extend the expiry of the loan offer by the Amending Letter dated June 25, 2012;

AND WHEREAS the Mezzanine Commitment was amended to extend the expiry of the loan offer by the Amending Letter dated June 25, 2012;

AND WHEREAS the Borrower obtained the Loan and Mezzanine Loan to discharge existing financing and obtain a first mortgage on the existing 119 student residence situated on the Property (the "**Existing Building**") and to complete the construction of a new 200 room student residence to be located on the Property (the "**Project**");

AND WHEREAS as security for the Loan, the Borrower and the Guarantor, as applicable, executed the security as set out in Schedule "A" of the Forbearance Agreement (defined below) (the "**Security**"), on the terms and conditions set forth therein, including the mortgage registered against the Property in first priority as instrument number WR696775 (the "**Lender's Mortgage**");

AND WHEREAS the Lender holds a second mortgage in the principal amount of \$3,285,000.00 registered against the Property as instrument number WR696777 (the "**Lender's Second Mortgage**");

AND WHEREAS Vector Financial Services Limited ("**Vector**") holds a third mortgage in the principal amount of \$300,000.00 registered against the Property as instrument number WR696829 (the "**Vector Mortgage**");

AND WHEREAS Vector holds a fourth mortgage in the principal amount of \$1,625,000.00 registered against the Property as instrument number WR696835 (the "**Vector Second Mortgage**");

AND WHEREAS AMK Mortgages Ontario Inc. holds a fifth mortgage in the principal amount of \$200,000.00 registered against the Property as instrument number WR697461 (the "**AMK Mortgage**");

AND WHEREAS the Guarantor, in consideration for and as a condition of the Loan, provided an unlimited guarantee in respect of the repayment of all monies secured by the Security by way of Guarantee and Postponement of Claim dated June 11, 2012 (the "**Guarantee**");

AND WHEREAS the Borrower defaulted on the Loan and the Lender has set out the events of default and demanded repayment of Loan by letter dated October 18, 2012 (the "**Demand Notice**");

AND WHEREAS the Lender has delivered to the Borrower and the Guarantor a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* dated October 23, 2012 (the "**BIA Notice**");

AND WHEREAS the Lender agreed to forbear from taking any further steps to enforce the Security held by the Lender until February 7, 2014 (the "**Forbearance Date**") on the terms and conditions set forth in the Forbearance Agreement dated November 1, 2012 (the "**Forbearance Agreement**");

AND WHEREAS the Borrower defaulted and breached Articles 2.1(a) and 2.1(f) of the Forbearance Agreement (the "**Forbearance Agreement Default**");

AND WHEREAS the Borrower acknowledges and agrees that the Forbearance Agreement Default constituted a Forbearance Terminating Event as contemplated by Article 5.1(b) of the Forbearance Agreement and that the Lender is entitled to pursue any of the appropriate remedies available to it under the Forbearance Agreement;

AND WHEREAS the Lender is unwilling to continue on with the financing of the construction of the Project as a result of the Forbearance Agreement Default;

AND WHEREAS the Lender has agreed to forbear from taking any further steps to enforce the Security held by the Lender for the Lender's Mortgage and the Lender's Second Mortgage on the terms and conditions set forth herein until April 15, 2013 (the "**Revised Forbearance Date**") (the "**Revised Forbearance Period**") in order to provide the Borrower an opportunity to obtain alternative financing for the construction of the Project;

AND WHEREAS the Lender is in no way waiving its rights to continue to enforce its Demand Notice and enforcement of the Security, upon the earlier termination of the Revised Forbearance Period, and a Forbearance Terminating Event (as defined in the Forbearance Agreement); and

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of TEN DOLLARS (\$10.00) now paid by the Borrower and Guarantor to the Lender and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereby agree to amend the Forbearance Agreement as follows:

1. It is acknowledged by the Lender, Borrower and the Guarantor that the above recitals are true and accurate.
2. The Borrower and Guarantor acknowledge that the Borrower is in default of its obligations owing to the Lender as set out in the Demand Notice and the Forbearance Agreement. The Borrower and Guarantor acknowledge that the Lender is entitled to terminate the Loan and no further credit is available to the Borrower thereunder.
3. The Borrower and the Guarantor hereby consent to the terms of the Lender's forbearance and other accommodations as set out herein. The Borrower and the Guarantor specifically acknowledge that they have, as of the date hereof, no defences, counterclaims or rights of set-off or reduction to any claims which might be brought by the Lender under the security granted by the Borrower or the Guarantor to the Lender or in respect of the, notwithstanding the provisions of the *Limitations Act, 2002*.
4. The Borrower and the Guarantor hereby agree that, upon the execution of this Agreement, they shall each absolutely and irrevocably release the Lender, its officers, directors, employees, solicitors and agents (the "**Releasees**") of and from any and all claims which they may have in respect of the Forbearance Agreement Default against the Releasees up to and including the date hereof including, without limitation, any actions taken by the Lender in dealing with the Borrower, the Guarantor, the Loan or with the

administration of the Borrower's accounts with the Lender.

5. The Forbearance Date as defined on page 2 of the Forbearance Agreement shall be replaced with the Revised Forbearance Date.
6. Articles 2.1(a),(b),(d), (f), (g) of the Forbearance Agreement are no longer applicable as a result of the Forbearance Agreement Default and the Lender's decision not to finance the construction of the Project. It is agreed by the Borrower and the Guarantor that the Borrower will continue to be bound by and will comply with all other provisions of Article 2.1 of the Forbearance Agreement.
7. The Lender agrees to forbear from taking any further action to enforce the Security or to initiate any proceedings to petition the Borrower or the Guarantor into bankruptcy, save and except as set out herein, during the Revised Forbearance Period.
8. All other terms in the Forbearance Agreement shall remain unchanged and in force.
9. It is acknowledged and agreed by the Borrower and Guarantor that the Borrower will repay the Loan and the Mezzanine Loan in full by the Revised Forbearance Date.
10. It is acknowledged and agreed by the Borrower and Guarantor that in the event that the Borrower has not, by March 15, 2013, obtained and provided to the Lender a signed financing commitment to repay Loan and Mezzanine Loan in accordance with the provisions of this Agreement by April 15, 2012, then the Lender is entitled to issue a Notice of Sale for the Property. The Lender agrees that it will take no other steps to enforce its security until after the Revised Forbearance Date so long as no Forbearance Terminating Event occurs during the Revised Forbearance Period.
11. It is agreed by the Lender, Borrower and the Guarantor, that upon full repayment of the Loan and Mezzanine Loan by the Revised Forbearance Date, subject to conditions set out in paragraph 13, that the Lender will apply a \$275,000.00 credit to the indebtedness of the Loan and Mezzanine Loan to be applied as follows:
 - a. a retroactive interest rate reduction on the Mezzanine Loan from 30.00% to 12.00% in the sum of \$150,750.00 for the period from June 25, 2012 to November 25, 2012;
 - b. a credit of \$30,000.00 to the indebtedness of the Loan as a waiver of the Forbearance Fee that was paid pursuant to Article 4.2(a) of the Forbearance Agreement;
 - c. a credit of \$56,000.00 to the Exit Fees on the Loan and the Lender's Mortgage; and
 - d. a credit of \$38,250.00 to the Exit Fees on the Mezzanine Loan and the Lender's Second Mortgage.
12. It is agreed by the Lender, Borrower and the Guarantor, that upon full repayment of the

Loan and Mezzanine Loan by the Revised Forbearance Date, subject to conditions set out in paragraph 13, that the Lender will retroactively reduce the interest rate of the Mezzanine Loan from 30.00% to 12.00% from the date of execution of this agreement to the date of payment.


13. It is agreed by the Lender, Borrower and the Guarantor, that in the event that the Borrower defaults under this agreement, the Forbearance Agreement, the terms of the Loan, the Lender's Mortgage, the Mezzanine Loan or the Lender's Second Mortgage, that the \$275,000.00 credit provided for in paragraph 11 and the interest rate reduction provided for in paragraph 12 will be of no force and effect.
14. It is agreed by the Lender, Borrower and the Guarantor that the Lender will make further advances under the Loan, to be added to the indebtedness owing under the Loan:
 - a. to the Borrower's lawyer, in trust and escrow, to be used only to discharge or vacate any construction liens registered on title to the Property at the time that this agreement is executed and to make payment to Somfay Masri Architects Inc. within 10 days of this agreement being executed;
 - b. following the completion of the steps set out in paragraph 14 (a), to make payment of professional fees owing by the Borrower to Mady Contract Division Ltd. and Pelican Woodcliff Inc.; and
 - c. following the completion of the steps set out in paragraph 14 (a), to make payment of all reasonable legal fees and professional fees and disbursements incurred by the Lender in connection with the Borrower, including, without limitation, in connection with the operation and enforcement of this Agreement.
15. This Agreement shall be binding upon and enure the benefit of the parties hereto and their respective successors and assigns.
16. The Borrower and Guarantor have obtained independent legal advice with respect to the terms and conditions of this Agreement. The Borrower and Guarantor will provide a Certificate of Independent Legal Advice ("**Certificate of Independent Legal Advice**") in the form attached hereto as Schedule "A" upon execution of this Agreement.
17. This Agreement is being made in the Province of Ontario and shall be construed, interpreted and performed in accordance with the laws of the Province of Ontario and the applicable laws of Canada.
18. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts and each of such counterparts shall be deemed to be an original document and such counterparts, taken together, shall constitute one and the same document. A party may deliver this Agreement by telecopy transmission and the signature of such party so delivered may be relied upon by the other parties as though an original.

19. This Agreement shall be open for acceptance by the Borrower and the Guarantor until 12:00 p.m., November 23, 2012, failing which it shall be deemed null and void and without further force and effect.

SIGNATURES APPEAR ON THE FOLLOWING PAGE.

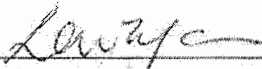
IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date above written.

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: 
Name: David Ha
Title: Corporate Trust Officer Aaron Cao
Administrator, MBS


I/We have authority to bind the corporation

TREZ CAPITAL CORPORATION

Per: 
Name: Ken Lal
Title: Vice President

I/We have authority to bind the corporation

TREZ CAPITAL LIMITED PARTNERSHIP

Per: 
Name: Ken Lal
Title: Vice President

I/We have authority to bind the corporation

1817983 ONTARIO LTD.

Per: _____
Name:
Title:

I/We have authority to bind the corporation

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date above written.

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: _____
Name:
Title:

I/We have authority to bind the corporation

TREZ CAPITAL CORPORATION

Per: _____
Name:
Title:

I/We have authority to bind the corporation

TREZ CAPITAL LIMITED PARTNERSHIP

Per: _____
Name:
Title:

I/We have authority to bind the corporation

1817983 ONTARIO LTD.

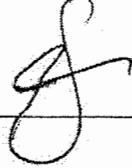
Per: _____
Name: *CHARIS CHRISTODOULOU*
Title: *PRESIDENT*

I/We have authority to bind the corporation

8

CHRISTODOULOS CHRISTODOULOU

Per: _____

A handwritten signature in black ink, appearing to be 'C. Christodoulou', written over a horizontal line.

SCHEDULE "A"CERTIFICATE OF INDEPENDENT LEGAL ADVICE

**TO: Computershare Trust Company of Canada, Trez Capital Corporation and
Trez Capital Limited Partnership (collectively the "Lender")**

AND WHEREAS 1817983 Ontario Ltd. (the "Borrower") and Christodoulos Christodoulou (the "Guarantor") entered into a Commitment Letter dated March 2, 2012, (the "Commitment"), issued by Trez Capital Corporation on behalf of the Computershare Trust Company of Canada, wherein the Lender agreed to loan the principal sum of \$18,400,000.00 on the terms and conditions set out in the Commitment (the "Loan");

AND WHEREAS the Commitment was amended to extend the expiry of the loan offer by the Amending Letter dated June 25, 2012;

AND WHEREAS the Borrower obtained the Loan to discharge existing financing and obtain a first mortgage on the existing 119 student residence situated on the Property (the "Existing Building") and to complete the construction of a new 200 room student residence to be located on the Property (the "Project");

AND WHEREAS as security of the Loan, the Borrower and the Guarantor, as applicable, executed the security including the mortgage registered against the Property in first priority as instrument number WR696775 (the "Lender's Mortgage");

AND WHEREAS the Guarantor, in consideration for and as a condition of the Loan, provided an unlimited guarantee in respect of the repayment of all monies secured by the Security by way of Guarantee and Postponement of Claim dated June 11, 2012 (the "Guarantee");

AND WHEREAS the Borrower has defaulted on the Loan and the Lender has set out the events of default and demanded repayment of Loan by letter dated October 18, 2012 (the "Demand Notice");

AND WHEREAS the Lender has delivered to the Borrower and the Guarantor a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act* dated October 23, 2012 (the "BIA Notice");

AND WHEREAS the Lender has agreed to forbear from taking any further steps to enforce its held by the Lender on the terms and conditions set forth in the Forbearance Agreement dated November 1, 2012 (the "Forbearance Agreement");

AND WHEREAS the Borrower defaulted and breached Articles 2.1(a) and 2.1(f) of the Forbearance Agreement (the "Forbearance Agreement Default");

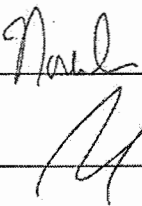
AND WHEREAS the Lender has agreed to forbear from taking any further steps to

enforce its held by the Lender on the terms and conditions set forth in the Amended Forbearance Agreement dated November 23, 2012 (the "Amended Forbearance Agreement");

I, **Nicholas Gehl**, hereby declare that I have been consulted the Borrower and the Guarantor as to the liability which the Borrower and Guarantor would incur by signing the Forbearance Agreement and have also been consulted by the Borrower and the Guarantor in respect of the Demand Notice and the BIA Notice (collectively the "Default") and that I have advised the Borrower and Guarantor fully as to the effect of the said action and the liability which the Borrower and Guarantor would incur in entering into the Amended Forbearance Agreement, the manner in which such liability could be enforced and the possible consequences and ramifications if the Borrower and Guarantor fail to enter into the Amended Forbearance Agreement due to their Default; and that the Borrower and Guarantor understand the nature and effect of the liability which would arise from the taking by the Borrower and Guarantor of the said actions, or the failure of taking such actions; and I hereby further declare that:

1. I have given this advice to the Borrower and Guarantor, as solicitor for the Borrower and Guarantor and in the Borrower and Guarantor's interest only and without regard to or consideration for the interests of the Lender,
2. I have never given any legal advice to the Lender in connection with this matter;
3. the Borrower and Guarantor have executed the Amended Forbearance Agreement in my presence only and no other person was present; and
4. the Borrower and Guarantor appear to have executed the Amended Forbearance Agreement without any threat of compulsion, or any undue influence from third parties.

DATED at Wahro, Ontario, this 23 day of March, 2012



ACKNOWLEDGEMENT

I hereby acknowledge and declare that all the above-noted statements are true and correct, that neither the Lender nor any of its officers, employees or agents have used any compulsion or made any threat or exercised any undue influence to induce me to take the actions mentioned in the above-noted certificate, and that **Nicholas Gehl**, the solicitor who executed the above-noted

certificate, in advising me as stated therein, was consulted by me as my personal solicitor and in my own interest only.


DATED at Kitchener, Ontario, this 23 day of NOVEMBER, 2012



1817983 Ontario Ltd.

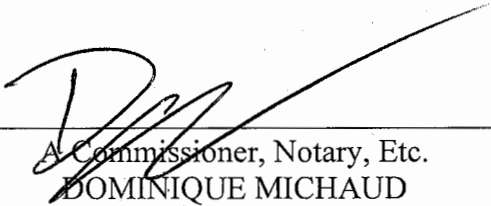
I have authority to bind the corporation

DATED at KITCHENER, Ontario, this 23 day NOVEMBER, 2012



Christodoulos Christodoulou

THIS IS **EXHIBIT "T"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Robins Appleby & Taub

BARRISTERS/SOLICITORS

Dominique Michaud
Direct Line: (416) 360-3795
E-mail: dmichaud@robapp.com
Fax: (416) 868-0306

Delivered by: E-Mail and Fax
File No.: 1200354

March 14, 2013

Gehl, Gehl- Barristers and Solicitors
420 Weber St. North
Waterloo, Ontario, N2L 4E7

Attention: Nicholas Gehl

and

1817983 Ontario Ltd.
1 Queen Street North
Kitchener, ON N2H 2G7

Attention: Christodoulos Christodoulou

Dear Mr. Gehl and Mr. Christodoulou:

Re: 1817983 Ontario Ltd (the "Borrower") - Default of the Forbearance Agreement and the Amended Forbearance Agreement

We are the lawyers for Trez Capital Corporation, Trez Capital Limited Partnership and Computershare Trust Company of Canada ("**Computershare**") (collectively the "**Lender**").

As you are aware 1817983 Ontario Ltd (the "**Borrower**") has failed to make its interest payment of \$47,363.91 that was payable to the Lender on March 7, 2013 (the "**March Payment**"). This failure to make the March Payment is a clear default of the terms the Forbearance Agreement dated November 1, 2012 (the "**Forbearance Agreement**") and the Amended Forbearance Agreement dated November 23, 2012 (the "**Amended Forbearance Agreement**"). The March Payment accrues interest at rate of \$10.38 per day.

Accordingly, pursuant to Article 5.1 (a) of the Forbearance Agreement, the Lender demands that the Borrower make payment of the following amounts by **5:00 pm (EST) on Monday, March 18, 2013**:

The March Payment	\$47,363.91 plus per diem interest until the
--------------------------	--

Robins Appleby & Taub LLP

	date of payment
Legal Fees Incurred in Relation to the March Payment Default	\$500.00

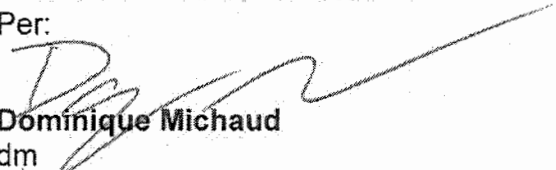
Please be advised that if the Borrower fails to make the above payment by the above payment deadline, that the Lender will rely on all of its rights under the Forbearance Agreement and the Amended Forbearance Agreement.

If you have any questions please call me at the above coordinates.

Yours very truly,

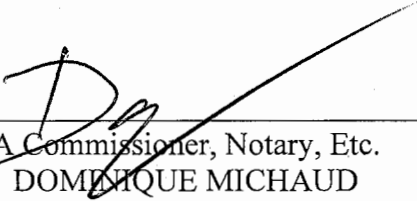
ROBINS APPLEBY & TAUB LLP

Per:


Dominique Michaud
dm

cc: Client

THIS IS **EXHIBIT "U"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

NOTICE OF SALE UNDER MORTGAGE

TO: See Schedule "A" attached.

TAKE NOTICE that default has been made in payment of the moneys due under a certain Charge/Mortgage of Land dated June 25, 2012 made between:

1817983 ONTARIO LTD.

as Mortgagor

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

as Mortgagee

upon the following property, namely:

1stly: PT. Lot 74 Sub. Lot 13 G.C.T., being PT. 2 ON 58R-15301; 2ndly: PT. Lot 73 Sub. Lot 13 G.C.T., being PT. 1 ON 58R-15301; 3rdly: PT. Lot 74 Sub. Lot 13 G.C.T., as in 1121892; save & except PT 2 ON 58R-17380; 4thly: PT. Lot 72 Sub. Lot 13 G.C.T., as in 674418, save & except PT 1 ON 58R-17380; subject to an easement as in WR251469; City of Waterloo
P.I.N. 22361-0434 LT

Municipally known as 316 King Street North, Waterloo, Ontario.

which Charge/Mortgage of Land was registered in the Land Registry Office for the Land Titles Division of the City of Waterloo (No. 58) on June 25, 2012, as Instrument No. WR696775 (the "Charge/Mortgage").

AND WE hereby give you notice that the amount now due on the mortgage for principal money, interest, and legal costs respectively are as follows:

Principal Balance as at June 25, 2012			\$6,660,000.00
Additional Amounts owing under the Mortgage as at March 18, 2013, calculated as follows:			
INTEREST AT 8%	CHARGE	PAYMENT	
Interest from 25-Jun-12 to 6-Jul-12	17,468.85	(17,468.85)	
Interest from 7-Jul-12 to 6-Aug-12	45,127.87	(45,127.87)	
Interest from 7-Aug-12 to 6-Sep-12	45,127.87	(43,672.13)	\$ 1,455.74
Interest from 7-Sep-12 to 6-Oct-12	43,672.13	(43,672.13)	
Interest from 7-Oct-12 to 6-Nov-12	45,127.87	(43,672.13)	\$ 1,455.74
Funding Forbearance 1 Adv. on Nov 29, 2012	418,761.60		\$ 418,761.60
Interest from 7-Nov-12 to 28-Nov-12 and 29-Nov-12 to 6-Dec-12	44,404.39	(44,404.39)	
Interest from 7-Nov-12 to 31-Dec-12 and 1-Jan-13 to 6-Jan-13	47,990.82	(47,990.82)	
Funding Forbearance 2 Adv. on Jan 16, 2013	115,719.31		\$ 115,719.31
Interest from 7-Jan-13 to 15-Jan-13 and 16-Jan-13 to 6-Feb-13	48,654.78	(48,654.78)	
Interest from 7-Feb-13 to 6-Mar-13	44,152.43		\$ 44,152.43
Interest from 7-Mar-13 to 17-Mar-13	17,459.07		\$ 17,459.07
Default Administration Fee (\$10,000 per month)			\$ 50,000.00

Nov, Dec, 2012 and Jan, Feb & Mar 2013.

Exit Fee	\$ 92,000.00
Legal fees incurred to date in respect of the enforcement of the Mortgage	\$ 5,491.11
Amount Due as of March 18, 2013	\$7,406,495.00
Per Diem at 8.0% (March 19-31)	\$ 1,587.19

(such amount for costs being up to and including the service of this Notice only, and thereafter such further costs and disbursements will be charged as may be proper), together with interest at the rate of 8.0 per cent, on the principal and interest hereinbefore mentioned to the date of payment.


AND unless the said sums are paid on or before **Thursday, April 25, 2013**, we shall sell the property covered by the said mortgage under the provisions contained in it.

THIS notice is given to you as you appear to have an interest in the mortgaged property and may be entitled to redeem the same.

DATED March 19, 2013

COMPUTERSHARE TRUST COMPANY OF CANADA

by its lawyers
Robins Appleby & Taub LLP
120 Adelaide Street West
Suite 2600
Toronto, ON M5H 1T1

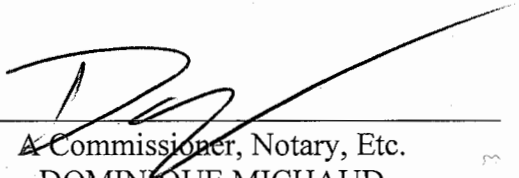
Per: 
Dominique Michaud
File No. 1200354

Phone: 416-360-3740
Fax: 416-868-0306

SCHEDULE "A"

- TO: 1817983 ONTARIO LTD.**
1 Queen Street North
Kitchener, ON N2H 2G7
- AND TO: COMPUTERSHARE TRUST COMPANY OF CANADA**
100 University Avenue, 9th Floor
Toronto, ON M5J 2Y1
Attention: Manager, MBS
- AND TO: VECTOR FINANCIAL SERVICES LIMITED**
25 Imperial Street, Suite 500
Toronto, ON M5P 1B9
- AND TO: VECTOR FINANCIAL SERVICES LIMITED**
25 Imperial Street, Suite 500
Toronto, ON M5P 1B9
- AND TO: AMK MORTGAGES ONTARIO INC.**
2171 Avenue Road, Suite 102
Toronto, ON M5M 4B4
- AND TO: CHRISTODOULOS CHRISTODOULOU**
1 Queen Street North
Kitchener, ON N2H 2G7

THIS IS **EXHIBIT "V"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Robins Appleby & Taub

BARRISTERS/SOLICITORS

229

Dominique Michaud
Direct Line: (416) 360-3795
E-mail: dmichaud@robapp.com
Fax: (416) 868-0306

Delivered by: E-Mail and Fax
File No.: 1200354

March 21, 2013

Gehl, Gehl- Barristers and Solicitors
420 Weber St. North
Waterloo, Ontario, N2L 4E7

Attention: Nicholas Gehl

And

1817983 Ontario Ltd.
1 Queen Street North
Kitchener, ON N2H 2G7

Attention: Christodoulos Christodoulou

And

Christodoulos Christodoulou
1 Queen Street North
Kitchener, ON N2H 2G7

Dear Mr. Gehl and Mr. Christodoulou:

Re: Default of 1817983 Ontario Ltd. – Appointment of Receiver

We are the lawyers for Trez Capital Corporation, Trez Capital Limited Partnership and Computershare Trust Company of Canada ("**Computershare**") (collectively the "**Lender**").

Further to my letter dated March 14, 2013 (the "**Default Notice**"), 1817983 Ontario Ltd. (the "**Borrower**") failed to meet the March 18, 2013 deadline to cure the interest payment default as set out in the Default Notice (the "**Default**"). To date, the Borrower has still not paid the interest payment that was due on March 7, 2013. The Default is a Forbearance Terminating Event as defined in the Forbearance Agreement dated November 1, 2012 (the "**Forbearance Agreement**").

Accordingly, the Lender will be enforcing its rights to seek immediate repayment of the amounts owing to it under the loan secured by the mortgage registered as instrument

Robins Appleby & Taub LLP

Tel (416) 868-1080 • 2600 – 120 Adelaide Street West, Toronto, ON M5H 1T1 • www.robinsapplebyandtaub.com

**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

- 2 -

number WR696775.

As you know, the Lender previously issued a Notice of Sale dated March 19, 2013 (the "**Notice of Sale**") in accordance with Article 10 of the Amended Forbearance Agreement dated November 23, 2012 (the "**Amended Forbearance Agreement**"). However, in light of the Default, the Lender hereby withdraws the Notice of Sale and will be relying on its right to appoint a private receiver in respect of all assets and undertakings of the Borrower pursuant to Article 5.1 of the Forbearance Agreement. The Lender reserves its right to issue a further Notice of Sale subsequent to the appointment of the receiver.

The Lender's receiver will be in contact with the Borrower to coordinate the receivership shortly.

If you have any questions, please call me at the above coordinates.

Yours very truly,

ROBINS APPLEBY & TAUB LLP

Per:



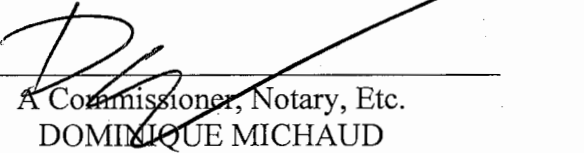
Dominique Michaud

DM/wj

cc: client

2365318_1.doc

THIS IS **EXHIBIT "W"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Robins Appleby & Taub

BARRISTERS/SOLICITORS

232

Dominique Michaud
Direct Line: (416) 360-3795
E-mail: dmichaud@robapp.com
Fax: (416) 868-0306

Delivered by: Mail and Registered Mail
File No.: 1200354

March 21, 2013

Vector Financial Services Limited
25 Imperial Street, Suite 500
Toronto, ON M5P 1B9

AMK Mortgages Ontario Inc.
2171 Avenue Road, Suite 102
Toronto, ON M5P 1B9

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
Toronto, ON M5J 2Y1

Attention: Manager, MBS

Dear Sir or Madam:

**Re: Withdrawal of Notice of Sale Dated March 19, 2013 for Property Municipally
Known as 316 King Street North, Waterloo, Ontario (the "Property")**

We are the lawyers for Trez Capital Corporation, Trez Capital Limited Partnership and Computershare Trust Company of Canada ("**Computershare**") (collectively the "**Lender**"). As you are aware, the Lender issued a Notice of Sale dated March 19, 2013 for the property municipally known as 316 King Street North, Waterloo, Ontario (the "**Notice of Sale**").

This letter is written notice that the Lender has withdrawn the Notice of Sale. Please be advised that as a result of further subsequent defaults of the Property owner (the "**Borrower**"), the Lender has elected to rely on its right to appoint a private receiver in respect of all assets and undertakings of the Borrower.

The Lender reserves its right to issue a further Notice of Sale subsequent to the appointment of the receiver.

Robins Appleby & Taub LLP

If you have any questions, please contact me at the above coordinates.

Yours very truly,

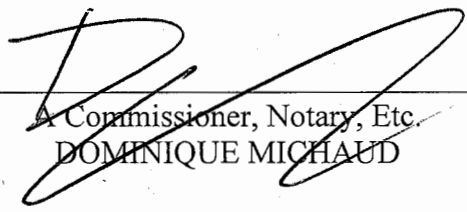
ROBINS APPLEBY & TAUB LLP

Per:


Dominique Michaud
DM:dm

cc: Nick Gehl
Christodoulos Christodoulou
1817983 Ontario Ltd.

THIS IS **EXHIBIT "X"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

APPOINTMENT

TO: Ira Smith Trustee & Receiver Inc.

RE: 1817983 Ontario Ltd. (the "Company")

As security for the indebtedness of the Company to Trez Capital Corporation, Trez Capital Limited Partnership and Computershare Trust Company of Canada (hereinafter referred to collectively as "TREZ"), TREZ holds a General Security Agreement dated June 11, 2012 and a Charge/Mortgage registered against the Lands municipally described as 312, 316-318 & 322 North King Street, Waterloo, Ontario (hereinafter called the "Security").

By reason of the default of the Company in the performance of its obligations under the Security and the Security thereby having become enforceable, TREZ hereby appoints you as Receiver and Manager of the Company pursuant to the terms of the said Security with such powers as are contained therein, including the power:

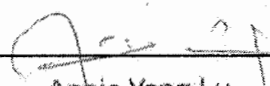
1. to take possession of all the assets, property and undertaking of the Company;
2. to carry on or concur in carrying on the business of the Company; and
3. to sell or otherwise dispose of the assets, property and undertaking of the Company pursuant to the power of sale provisions contained therein and the laws of the Province of Ontario.

Pursuant to the terms of the Security, you are deemed to be the agent of the Company and the Company shall be responsible for your acts, defaults, remuneration and expenses and TREZ shall not be in any way responsible for your misconduct or negligence.

APPOINTMENT - PAGE 2

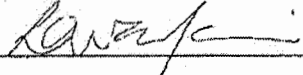
DATED at Toronto, this 25th day of March, 2013.

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: 
 Name: Annie Yang Lu Aaron Cao
Professional, MBS Administrator, MBS
 Title: _____


I/We have authority to bind the corporation

TREZ CAPITAL CORPORATION

Per: 
 Name: Ken Lai
 Title: Vice President

I/We have authority to bind the corporation

TREZ CAPITAL LIMITED PARTNERSHIP

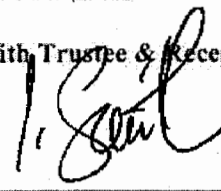
Per: 
 Name: Ken Lai
 Title: Vice President

I/We have authority to bind the corporation/limited partnership

Ira Smith Trustee & Receiver Inc. hereby consents to act as Receiver and Manager of the Company in accordance with the terms and conditions above.

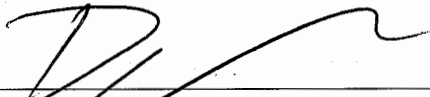
DATED at Vaughan, this 25th day of March, 2013.

Ira Smith Trustee & Receiver Inc.


 Per: _____

I have authority to bind the Corporation

THIS IS **EXHIBIT "Y"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

From: Dominique Michaud [dmichaud@robapp.com]
Sent: March 25, 2013 3:38 PM
To: 'Nicholas Gehl'
Cc: 'Chris Christodoulou'; 'Ira Smith'; Irving Marks
Subject: 1817983 Ontario Ltd. - Receivership
Importance: High
Attachments: TREZ SIGNED APPOINTMENT LETTER.pdf

Nick:

Further to my voice message, as you know there has been a Forbearance Terminating Event and my client has proceeded to appoint a Receiver. Please find attached the signed Notice of Appointment for your records.

Accordingly, please contact me to make immediate arrangements to have your client meet with the Receiver at the premises or alternatively at your client's place of business to allow the Receiver to get all the keys, cheques, leases, books, records and other information it will need to conduct its mandate. The Receiver would like to schedule this meeting for 11:00 am tomorrow morning.

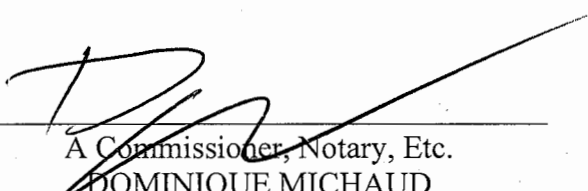
Given the clear terms of the Forbearance Agreement and the Amended Forbearance Agreement, we do not expect there to be any problems obtaining your client's immediate cooperation.

I have copied your client and the Receiver on this email.

Regards,

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

THIS IS **EXHIBIT "Z"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

From: Chris Christodoulou [chris@downtownfinancial.ca]
Sent: March 26, 2013 10:00 AM
To: Dominique Michaud; 'Nicholas Gehl'
Cc: 'Ira Smith'; Irving Marks
Subject: RE: 1817983 Ontario Ltd. - Receivership

What the hell is wrong with you Dominique ...

You take my money.. Trez promises to give me money to build...

Take the building to a state with interest and legal fees making it unaffordable to operate.....

Now you want my cooperation because you think you can run it more efficiently than I can by paying someone.. and you want my cooperation to do what .. help the receiver...

Collect the rent yourself.. THERE IS A SHORTFALL.. !!!!

Just make sure you run the building more efficiently than I did because incurring more costs need to be justified.

You will not get my cooperation.. My lawyer will advise you soon as possible to what we will do.

Regards,

Chris

From: Dominique Michaud [mailto:dmichaud@robapp.com]
Sent: Monday, March 25, 2013 3:38 PM
To: 'Nicholas Gehl'
Cc: 'Chris Christodoulou'; 'Ira Smith'; Irving Marks
Subject: 1817983 Ontario Ltd. - Receivership
Importance: High

Nick:

Further to my voice message, as you know there has been a Forbearance Terminating Event and my client has proceeded to appoint a Receiver. Please find attached the signed Notice of Appointment for your records.

Accordingly, please contact me to make immediate arrangements to have your client meet with the Receiver at the premises or alternatively at your client's place of business to allow the Receiver to get all the keys, cheques, leases, books, records and other information it will need to conduct its mandate. The Receiver would like to schedule this meeting for 11:00 am tomorrow morning.

Given the clear terms of the Forbearance Agreement and the Amended Forbearance Agreement, we do not expect there to be any problems obtaining your client's immediate cooperation.

I have copied your client and the Receiver on this email.

11/04/2013

Regards,

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

Robins Appleby & Taub LLP
Tel: (416) 868-1080, Fax: (416) 868-0306
2600 - 120 Adelaide Street West
Toronto ON M5H 1T1
<http://www.robinsapplebyandtaub.com>

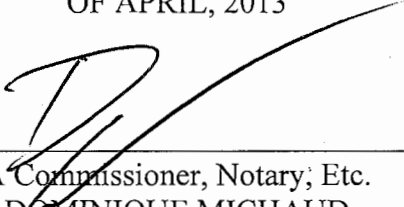
**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

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SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

From: Dominique Michaud [dmichaud@robapp.com]
Sent: March 26, 2013 10:41 AM
To: 'Chris Christodoulou'; 'Nicholas Gehl'; 'Gehl&Gehl'
Cc: 'Ira Smith'; Irving Marks
Subject: 1817983 Ontario Ltd. - Receivership
Importance: High

Mr. Gehl and Mr. Christodoulou:

We have appointed a Receiver in respect of all assets and undertakings of the Borrower as contemplated and consented to in the Forbearance Agreement and the Amended Forbearance Agreement. This includes operating the existing apartment building and collecting the tenants' rent.

Mr. Christodoulou's email states that Trez should collect the rent ourselves and that Borrower will not cooperate. We point out that pursuant to the Forbearance Agreement and Amended Forbearance Agreement, the Borrower has agreed not to interfere and to provide all reasonable assistance, access to all books, records, assets and documents of the Borrower to permit such Receiver to properly fulfill its duties.

In light of this obligation and the Borrower's offer to have the Receiver collect rent directly from the tenants, please provide the Receiver with the keys, books and records including leases, rent roll, post dated cheques on hand so that the Receiver can fulfill its mandate. If the Borrower continues to refuse to cooperate, Trez will be required to take further steps to ensure that the Receiver is able to fulfill its duties. This will result in unnecessary increased costs.

I would also point out that Mr. Christodoulou has provided a personal guarantee and accordingly avoiding any unnecessary costs appears to be in his interest.

I ask that Mr. Gehl contact me to discuss this matter as soon as possible.

Regards,

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

From: Chris Christodoulou [mailto:chris@downtownfinancial.ca]
Sent: March 26, 2013 10:00 AM
To: Dominique Michaud; 'Nicholas Gehl'
Cc: 'Ira Smith'; Irving Marks
Subject: RE: 1817983 Ontario Ltd. - Receivership

11/04/2013

What the hell is wrong with you Dominique ...

You take my money.. Trez promises to give me money to build...

Take the building to a state with interest and legal fees making it unaffordable to operate.....

Now you want my cooperation because you think you can run it more efficiently than I can by paying someone.. and you want my cooperation to do what .. help the receiver...

Collect the rent yourself.. THERE IS A SHORTFALL.. !!!!

Just make sure you run the building more efficiently than I did because incurring more costs need to be justified.

You will not get my cooperation.. My lawyer will advise you soon as possible to what we will do.

Regards,

Chris

From: Dominique Michaud [mailto:dmichaud@robapp.com]

Sent: Monday, March 25, 2013 3:38 PM

To: 'Nicholas Gehl'

Cc: 'Chris Christodoulou'; 'Ira Smith'; Irving Marks

Subject: 1817983 Ontario Ltd. - Receivership

Importance: High

Nick:

Further to my voice message, as you know there has been a Forbearance Terminating Event and my client has proceeded to appoint a Receiver. Please find attached the signed Notice of Appointment for your records.

Accordingly, please contact me to make immediate arrangements to have your client meet with the Receiver at the premises or alternatively at your client's place of business to allow the Receiver to get all the keys, cheques, leases, books, records and other information it will need to conduct its mandate. The Receiver would like to schedule this meeting for 11:00 am tomorrow morning.

Given the clear terms of the Forbearance Agreement and the Amended Forbearance Agreement, we do not expect there to be any problems obtaining your client's immediate cooperation.

I have copied your client and the Receiver on this email.

Regards,

Dominique Michaud

Tel: (416) 360-3795

E-mail: dmichaud@robapp.com

11/04/2013

Robins Appleby & Taub LLP
Tel: (416) 868-1080, Fax: (416) 868-0306
2600 - 120 Adelaide Street West
Toronto ON M5H 1T1
<http://www.robinsapplebyandtaub.com>

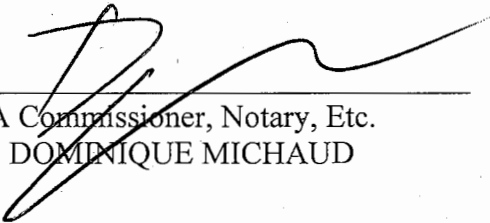
Robins Appleby & Taub

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..--

THIS IS **EXHIBIT "BB"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

247

From: gehl@gehlgehl.com
Sent: March 26, 2013 11:15 AM
To: Dominique Michaud
Cc: Chris Christodoulou
Subject: 1817983 Ontario Ltd.

Dear Dominique,

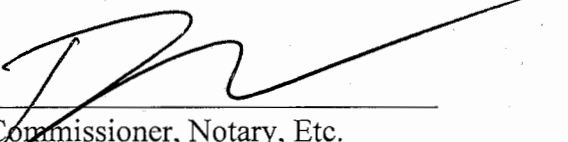
I have reviewed your letter with my client. There is a property manager at 316 who has been instructed to co-operate with all reasonable written requests from your receiver. All records that my client has are located there.

Regards,

Nicholas E. Gehl/lj

Gehl & Gehl Law Office
420 Weber St. N. Ste. F4
Waterloo, ON N2L 4E7
Phone: 519-886-8120
Fax: 519-886-8223

THIS IS **EXHIBIT "CC"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD



IRA SMITH
TRUSTEE & RECEIVER INC.

STARTING OVER, STARTING NOW

167 Applewood Cres. Suite 6, Concord, ON L4K 4K7

Phone: 905.738.4167

Fax: 905.738.9848

irasmithinc.com

Memo

Brandon Smith

Phone: 905.738.4167 ext. 113

Email: brandon@irasmithinc.com

To: Asset File
From: Brandon Smith
CC: Ira Smith
Date: March 29, 2013
Re: 316 North King Street Site Visit

Prior to attending at the building, I and Mr. Wolfe attended at 1 Queen Street N., Suite 200 in Kitchener. Reception confirmed that Mr. Christodoulous keeps an office at this location and his business card was available at reception. We requested to meet with him.

We provided Mr. Christodoulous with a copy of our appointment letter and my business card; he declined to accept the latter. He advised that through legal counsel it was communicated that he would co-operate with us and that Carla at 316 North King would provide us with keys and everything we needed. I asked if he had a rent roll and the books and records of the company, and I was advised that everything is at the site.

Upon arriving at the building we met with Carla in the management office. She was compiling a list of tenant complaints regarding the state of the building. A tenant asked her for his copy of his lease and she advised that she was unaware of its existence or location.

Carla advised that she is a friend of Chris' and has only been working part time for the last week. She seemed unaware of the location of any books and records and didn't know if a rent roll was maintained. Carla advised rent starts at approximately \$525 a month. She allowed Mr. Wolfe to access the computer and back up files. I left Mr. Wolfe to conduct an inspection of the property.

Building site and location

The Building is located on the East side of North King Street in Waterloo. The municipal address marked on the building is 316 North King and the building is named "Kings Landing". To the north and south of the building is vacant, unimproved land, currently raw soil being used as parking for the building. Given the current climate, the lot is very muddy. The grade of the parking area slopes East to a muddy strip running across the back of the property, which in turn slopes towards an entrance to a lower parking level at

the south-east corner of the building. There is no shoring or retaining for the earth along the eastern perimeter of the lot line and the grade is several feet below the adjoining properties, causing the adjoining properties to slowly erode into the excavated lot. It appears that the only fencing to demark the property lines is the remnants of the neighboring properties' fences. There is also a hodge-podge of hoarding and damaged construction fencing strewn about the perimeter of the property.

There are portions of safety fencing and hoarding around the site but all provide very poor protection from a safety perspective. Access to the upper parking garage is from the North vacant lot, but has been walled off. There is a section of the concrete deck above the lower lot that has collapsed leaving a large open hole with jagged rebar protruding. There is a second section of slab that has been cut and is at risk of collapsing. There are insufficient guards in place to protect the public from this hazard both at grade and in the easily accessible lower parking level. The upper level of the car park is walled off and access to the lower lot is available, albeit through a muddy stretch of land. Caution tape does an inadequate job of separating the public from the area where the ceiling has collapsed. One motor scooter is parked in the lower lot and there is a section of the lot walled off with overhead doors that leads to a maintenance space.

The building has 10 stories, including the lobby and a penthouse. The lobby houses a mailroom and 2 management offices. Each floor (2-9) has three units (X01-X03). The 10th floor requires special access. The fire stairwells have locked access to the 10th floor (access to other floors is open) and the elevator needs an override key to access the floor, pressing the "PH" button will not move the elevator. When I place the elevator into service mode and forced it to the 10th floor I was greeted by what appears to be a guard dog roaming the hallway. Reviewing the mail boxes and hydro metering confirms the unitization of 3 units each on floors 2 through 9 and a single unit on the 10th floor. Each unit appears to have a separate electricity meter. It is unclear what the arrangement is for the sharing of electricity costs amongst the co-tenants of any given suite.

Mr. Christodoulous had advised that a Mr. Gareth D'Costa resides on the 10th floor. I managed to obtain contact details from Mr. D'Costa through an internet search and met with him on March 27th in conjunction with the elevator shut down (described below). Mr. D'Costa resides with his brother and he advised they do not have a current lease but they pay \$2,800 a month in rent. With Mr. D'Costa's permission I entered his unit and viewed 4 spaces, a hallway that runs the length of the unit, a bedroom and bathroom at the south end and a large great room and kitchen. Mr. D'Costa mentioned that he isn't always in town and hasn't used the great room (which accounts for a significant amount of the space in the unit) in some time. The unit is dirty; the bathroom I viewed is inoperable and filled with trash and has significant damage to the ceiling from a water

leak. The great room also has significant damage to the ceiling from a water leak from the roof. It was evident that marijuana had recently been smoked in the unit.

There is a mechanical penthouse above the 10th floor that house mechanical equipment and related apparatus. The elevator mechanical room is also located here. The roof is accessible from the mechanical penthouse. The roof appears to be pitched away from the scuppers and no roof drains were visible during my inspection. This would account for the water damage in the penthouse. The roof also houses a chiller.

There are 2 cable hoist elevators, one was stuck at the 4th floor and is inoperable. Both are vandalized and dirty.

Fire safety plans on the floors show that each unit is subdivided into many bedrooms that share common facilities, essentially making the whole building one big rooming house.

State of Disrepair

The property is littered with garbage and debris, both outside and in common areas. Waste Management has two bins on site that are overflowing and trash is piling up around them. I have made contact with Waste Management to set up a receiver's account and I have twice requested that someone be sent ASAP to remove the trash in front of the bins and to empty the bins, on our account.

As previously described a portion of the garage ceiling has collapsed and there is a second section at risk of collapse. A saw cut has been made in the slab severing rebar and water is leaking at many places adjacent to the collapsed slab section.

The North Stairwell between floors 9 and 10 is littered with trash and there are smaller collections of trash to a much lesser extent in other places in the stair wells. The stairwells are malodourous.

There is a Mircom enterphone but a tenant list is not displayed and the door from the entrance alcove to the lobby is propped open and the lock is broken.

There are three laundry rooms, which essentially are closets. Each contains a single stacked unit, which runs off of a reloadable smart card that tenants can load with credit through their credit or debit cards using a machine in the lobby. The three laundry rooms are dirty, filled with dryer lint, which indicates the exhaust system is not maintained, and one laundry room has no lighting.

In serving notice of our appointment and attornment of rent to the tenants, Mr. Wolfe has spoken with a few tenants, all describe problems in their units involving some or all of the following: extreme temperatures/inoperable HVAC, water damage from leaks above or adjacent; defective kitchen appliances; intermittent internet service (supposed to be provided by the landlord); plumbing malfunctions; salty water coming from the taps; and malfunctioning smoke detectors. The sentiment has been that the property manager(s) were under pressure from the landlord to not incur costs.

The fire alarm panel had many trouble codes and there are deficiency notices posted from the fire department. I have been advised safety inspection has not taken place since February 2012 and the contractor (Richardson) has advised that deficiencies arising from that inspection are outstanding.

On March 27th I had a Pro Fire, a life safety contractor, attend at the site to address the alarms. They deduced that the condition was a result of sensors in the elevator shaft. At their advice I dispatched Delta Elevator, the manufacturer of the elevators on site to attend. They accessed the shaft and determined that the pit was flooded with water which had damaged elevator equipment and fire alarm sensors. It was determined that the automatic sump pump had failed, and when placed into manual mode, the water began to recede. I suspect the water had entered from the roof, given the standing water and drainage problems I had observed.

Delta advised the presence of water in the pit is an imminent safety hazard and shut down both elevators. Delta has supplied us with a quotation to repair the damage which we have accepted. The pit must be drained first and the pump cannot run in manual mode continuously or it may cause a fire. We will need to have separate contractors address the malfunctioning pumps and the cause of the flood.

Pro Fire has provided a quotation to perform a complete inspection of the building. They will require access to all suites and accordingly we will need a property manager to coordinate this. Mr. Wolfe has met with a representative from Domus, the once and former property manager, who specializes in student housing, and will report separately on his meeting.

Conclusion

Given both the state of disrepair and the total lack of co-operation from Mr. Christodoulous or in the alternate the complete lack of proper books and records regarding the building and its tenants it will be necessary for us to reconstruct the records and possibly create proper documented tenancies where none exist. To that end it is my

recommendation that a local property manager who specializes in student housing be retained immediately. I have compiled a list of tasks that will need to be addressed:

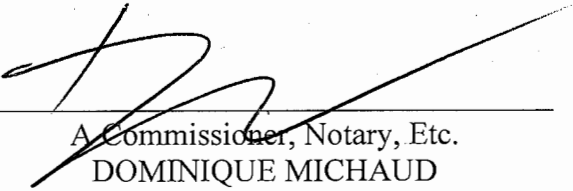
1. Have Delta repair the elevators and get them back in service
2. Electrical and Plumbing issues related to Elevator including why the sump wasn't pumping
3. Fire safety inspection; the PM will have to co-ordinate with tenants to get access on 24hrs notice
4. A complete inspection of the building's HVAC and mechanical components including all suites, roof top units, elevator & generator
5. An assessment of the roof drainage and membrane/all flashing/points of water infiltration in building membrane
6. Cleanup of all stairwells, public areas and grounds
7. Once Waste Management picks up trash, establish and communicate a proper recycling/waste management protocol including restricting parking in front of the bins
8. Clean and service laundry facilities including inline lint traps and ventilation
9. Deal with the collapsed slab and the soon to collapse slab section next to it, properly create a security and safety perimeter
10. Have a structural engineer examine the foundation in and around the collapsed slab
11. Have geotechnical consultant/engineer determine what needs to be done to prevent erosion damage to neighbouring properties
12. Deal with the hodgepodge of broken fencing and construction hoarding around site, ensure proper guards, railings and fencing is installed where appropriate
13. Parking management plan – since using the parking lot is off limits because of structural concerns do we need to adjust grading or dump gravel to deal with the mud on the unimproved lots?
14. Secure access to the building in concert with communicating with all tenants to make sure they have front door keys
15. Assist us in preparing a rent roll, collection of rent etc
16. On notice to tenants inspect every suite and compile a damage deficiency list – make determination re cause of damage (i.e. did the tenant destroy or is the building deteriorating) and determine what would be the ordinary responsibility of a landlord
17. Deal with the penthouse – while I believe that Gareth and his brother are harmless, and are genuinely living on the same month to month/oral/holdover arrangement that most other tenants are occupying under, something just doesn't seem right. Their place is filthy, there is garbage piled up in an unusable bathroom and there is sufficient water damage to the place that it could be un-inhabitable.
18. Call tenant meeting with receiver to allow Q & A

19. Manage move in/out, end of lease, subletting, rental enquiries etc.

Once a property manager is in place and the building is brought back to better standards a real estate appraisal of the existing site should be conducted in order to provide the Receiver with an estimate of current value.

Also given the total lack of records it will take some time before we are able to prepare any type of cash flow or budget for the building and we will require interim funding for both maintenance and ongoing regular operations (utilities, service providers, insurance etc) as we believe most tenants had given postdated cheques for rent, that were either cashed or not being released by Mr. Christodoulous and it may take some time to properly attorn the rent. Our notice to tenants which Mr. Wolfe distributed advised those who have provided post-dated cheques for rent payments to stop payment on those cheques and pay any rent arrears and ongoing rent directly to the Receiver.

THIS IS **EXHIBIT "DD"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

From: Dominique Michaud [dmichaud@robapp.com]

Sent: March 26, 2013 3:29 PM

To: 'Gehl'

Cc: 'Ira Smith'; Irving Marks

Subject: RE: 1817983 Ontario Ltd.

Nick:

The Receiver attended at your client's office and the property today and your client was not forthcoming with any information. Specifically he failed to provide the Receiver possession of the company's books and records, tenant and existing insurance coverage information. Your client claims that he does not have this information and that we need to speak to you should we need any further information.

It is inconceivable that your client does not have a record of who he has been collecting rent from and which bank account he has been depositing the funds into. Your client is obstructing the Receiver from carrying out its mandate. Accordingly, I request that you speak to your client and have him turn over this information forthwith.

Lastly, your clients instructions not to allow you to have verbal discussions will result in increased costs. Many of these issues can be easily resolved with a short phone call between counsel as opposed to long emails and letters.

Please contact me as soon as possible.

Dom

Dominique Michaud

Tel: (416) 360-3795

E-mail: dmichaud@robapp.com

**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

From: Gehl [mailto:gehl@gehlgehl.com]

Sent: March 26, 2013 3:05 PM

To: Dominique Michaud

Subject: 1817983 Ontario Ltd.

Hi Dominique,

At this time I have been instructed to respond to written requests only. If this changes in the future I will advise.

Nicholas E. Gehl/mt

11/04/2013

257

Gehl & Gehl Law Office
420 Weber St. N. Ste. F4
Waterloo, ON N2L 4E7
Phone: 519-886-8120

Fax: 519-886-8223

THIS IS **EXHIBIT "EE"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

From: Dominique Michaud [dmichaud@robapp.com]
Sent: March 28, 2013 11:17 AM
To: 'Gehl'
Cc: 'Ira Smith'; Irving Marks
Subject: 1817983 Ontario Ltd. Receivership -Post Dated Cheques
Importance: High

Mr. Gehl:

You continue to ignore my emails and phone calls. I recognize that you may be busy, but this matter is important and your refusal to properly deal with it is completely inappropriate.

As I have previously advised, your client has failed to provide the Receiver possession of the company's books and records, tenant information and existing insurance coverage information. Your client has also refused to deliver any post dated cheques in its possession. This is in the face of the fact that the Receiver is advised by tenants of the building that they pay rent by way of post dated cheques.

There is a legitimate concern that your client will deposit these cheques and take the rent money that should rightfully be paid to the Receiver. Accordingly, we reiterate our demand that your client deliver the above noted information and post dated cheques to the Receiver immediately. Please note that depositing any post dated cheques would be fraudulent conduct that would carry serious consequences to both 1817983 Ontario Ltd. and to Mr. Christodoulou personally.

We have not sent this email to your client as we have been advised by your client that we should communicate only with you. We trust that you will bring this to his attention. If you are no longer acting for your client, please advise by 5:00 pm today.

Regards,

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

From: Dominique Michaud [mailto:dmichaud@robapp.com]
Sent: March 26, 2013 3:29 PM
To: 'Gehl'
Cc: 'Ira Smith'; Irving Marks
Subject: RE: 1817983 Ontario Ltd.

Nick:

The Receiver attended at your client's office and the property today and your client was not forthcoming

11/04/2013

with any information. Specifically he failed to provide the Receiver possession of the company's books and records, tenant and existing insurance coverage information. Your client claims that he does not have this information and that we need to speak to you should we need any further information.

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Lastly, your clients instructions not to allow you to have verbal discussions will result in increased costs. Many of these issues can be easily resolved with a short phone call between counsel as opposed to long emails and letters.

Please contact me as soon as possible.

Dom

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

Robins Appleby
& Taub

BARRISTERS/SOLICITORS

From: Gehl [<mailto:gehl@gehlgehl.com>]
Sent: March 26, 2013 3:05 PM
To: Dominique Michaud
Subject: 1817983 Ontario Ltd.

Hi Dominique,

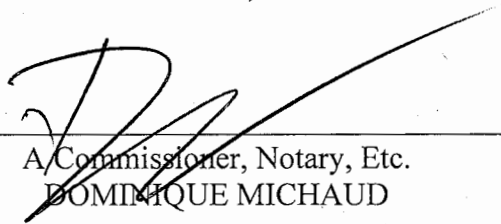
At this time I have been instructed to respond to written requests only. If this changes in the future I will advise.

Nicholas E. Gehl/mt

Gehl & Gehl Law Office
420 Weber St. N. Ste. F4
Waterloo, ON N2L 4E7
Phone: 519-886-8120

Fax: 519-886-8223

THIS IS **EXHIBIT "FF"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A, Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

From: Ira Smith [ira@irasmithinc.com]
Sent: March 28, 2013 1:57 PM
To: chris@downtownfinancial.ca
Cc: Brandon Smith; Marty Wolfe
Subject: Fwd: 1817983 Ontario Ltd. Receivership -Post Dated Cheques
Attachments: image001.jpg

Dear Mr. Christodoulo:

As you know, on March 25, 2013, Ira Smith Trustee & Receiver Inc. was appointed Receiver and Manager of 1817983 Ontario Ltd., including, the Waterloo student residence. You advised our Messrs. Smith and Wolfe that you had no books, records, documents, cheques or other property of the Company in your possession relating to the student housing residence, but rather, it was all at the property manager's office at the residence. We confirm that very little was there, and most of it was dated. There was certainly no post-dated rent cheques.

Yesterday, many tenants advised our Messrs. Smith and Wolfe that they do in fact pay by way of post-dated cheque and that they were given to you. Please see our lawyer's email to your lawyer which has gone unanswered.

Please contact our Mr. Wolfe immediately on his cell phone, 416.508.9748 to arrange for him picking up such cheques. It is possible that you believed they were at the residence, but actually are somewhere else for safekeeping.

The rent cheques must now be delivered to the Receiver, and not attempted to be negotiated by you or any other party.

We look forward to your cooperation.

Ira Smith Trustee & Receiver Inc.
Receiver and Manager of 1817983 Ontario Ltd.

Ira Smith MBA CPA CA CIRP
President
Ira Smith Trustee & Receiver Inc.
Suite 6 - 167 Applewood Crescent, Concord, ON L4K 4K7
www.irasmithinc.com
905.738.4167 x111

Check out our weekly blog - www.irasmithinc.com/blog

Sent from my iPad

Begin forwarded message:

11/04/2013

263

From: "Dominique Michaud" <dmichaud@robapp.com>
Date: 28 March, 2013 11:54:14 AM EDT
To: "Ira Smith" <ira@irasmithinc.com>
Subject: 1817983 Ontario Ltd. Receivership -Post Dated Cheques

Ira:

Can you please pass along this email chain to the Borrower. We sent the email to the Borrower's lawyer but he is on holiday. We cannot communicate directly with the Borrower but as Receiver you are able to correspond with him directly. Accordingly, please pass along this email chain to him so we know he has received the our message.

Thanks

Dom

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

Robins Appleby
& Taub

BARRISTERS/SOLICITORS

From: Gehl [<mailto:gehl@gehlgehl.com>]
Sent: March 28, 2013 11:33 AM
To: Dominique Michaud
Subject: RE: 1817983 Ontario Ltd. Receivership -Post Dated Cheques

Hi Dominique,

Please be advised that Mr. Gehl is on holidays.

Maxine

From: Dominique Michaud [<mailto:dmichaud@robapp.com>]
Sent: Thursday, March 28, 2013 11:17 AM
To: 'Gehl'
Cc: 'Ira Smith'; Irving Marks
Subject: 1817983 Ontario Ltd. Receivership -Post Dated Cheques
Importance: High

Mr. Gehl:

You continue to ignore my emails and phone calls. I recognize that you may be busy, but this matter is important and your refusal to properly deal with it is completely inappropriate.

11/04/2013

As I have previously advised, your client has failed to provide the Receiver possession of the company's books and records, tenant information and existing insurance coverage information. Your client has also refused to deliver any post dated cheques in its possession. This is in the face of the fact that the Receiver is advised by tenants of the building that they pay rent by way of post dated cheques.

There is a legitimate concern that your client will deposit these cheques and take the rent money that should rightfully be paid to the Receiver. Accordingly, we reiterate our demand that your client deliver the above noted information and post dated cheques to the Receiver immediately. Please note that depositing any post dated cheques would be fraudulent conduct that would carry serious consequences to both 1817983 Ontario Ltd. and to Mr. Christodoulou personally.

We have not sent this email to your client as we have been advised by your client that we should communicate only with you. We trust that you will bring this to his attention. If you are no longer acting for your client, please advise by 5:00 pm today.

Regards,

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

<!--[if !vml]--><!--[endif]-->

**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

From: Dominique Michaud [<mailto:dmichaud@robapp.com>]

Sent: March 26, 2013 3:29 PM

To: 'Gehl'

Cc: 'Ira Smith'; Irving Marks

Subject: RE: 1817983 Ontario Ltd.

Nick:

The Receiver attended at your client's office and the property today and your client was not forthcoming with any information. Specifically he failed to provide the Receiver possession of the company's books and records, tenant and existing insurance coverage information. Your client claims that he does not have this information and that we need to speak to you should we need any further information.

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Please contact me as soon as possible.

Dom

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

<!--[if !vml]--><!--[endif]-->

Robins Appleby
& Taub

BARRISTERS/SOLICITORS

From: Gehl [<mailto:gehl@gehlgehl.com>]
Sent: March 26, 2013 3:05 PM
To: Dominique Michaud
Subject: 1817983 Ontario Ltd.

Hi Dominique,

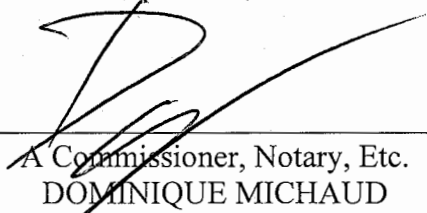
At this time I have been instructed to respond to written requests only. If this changes in the future I will advise.

Nicholas E. Gehl/mt

Gehl & Gehl Law Office
420 Weber St. N. Ste. F4
Waterloo, ON N2L 4E7
Phone: 519-886-8120

Fax: 519-886-8223

THIS IS **EXHIBIT "GG"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

From: Marty Wolfe [martin@irasmithinc.com]
Sent: April 5, 2013 2:45 PM
To: Dominique Michaud; Ira Smith
Cc: MorleyG@trezcapital.com; NoahM@trezcapital.com; Irving Marks
Subject: Re: Draft Notice of Motion and Appointment Order

Dom and Irving,

At a site visit the building the following note was left. "Please hold the cheque issued for April rent for #3 in unit 402. The past management has cash in the old cheque. Thank you. Albert Alberto 402" This is the first piece of evidence of Chris cashing post dated cheques in his possession after the date of receivership.

Hope this is useful information.

Regards,
Marty

From: Dominique Michaud [mailto:dmichaud@robapp.com]
Sent: Thursday, April 04, 2013 01:18 PM
To: Ira Smith; Ken Lai <KenL@trezcapital.com>
Cc: Morley Greene <MorleyG@trezcapital.com>; Noah Mintz <NoahM@trezcapital.com>; Irving Marks <imarks@robapp.com>; Marty Wolfe
Subject: RE: Draft Notice of Motion and Appointment Order

Ira:

Irv reviewed the documents. I have not yet looked at them as I have been working on the receivership motion materials.

Irv did advise me this morning that he was satisfied and thought your amendments were good. I think you can go ahead.

Dom

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

**Robins Appleby
& Taub**

BARRISTERS/SOLICITORS

From: Ira Smith [mailto:ira@irasmithinc.com]
Sent: April 4, 2013 1:07 PM
To: Ken Lai
Cc: Dominique Michaud; Morley Greene; Noah Mintz; Irving Marks; Marty Wolfe
Subject: Re: Draft Notice of Motion and Appointment Order

Dom, as Trez is essentially satisfied with the business deal, with some tweaking, I know you are busy but, if I can obtain your comments on the Agreement, as modified by us, then I can send it off to them today, signed by the Receiver, and ask them to review, sign and get into place tomorrow.

Trez is very anxious to get them into place tomorrow. It is unfortunate that they were closed on Monday also, and couldn't get the proposal to us until yesterday PM, but, it is what it is.

11/04/2013

THX Dom. Much appreciated.

Best regards.

Ira

Ira Smith MBA CPA CA CIRP
 President
 Ira Smith Trustee & Receiver Inc.
 Suite 6 - 167 Applewood Crescent, Concord, ON L4K 4K7
www.irasmithinc.com
 905.738.4167 x111

Check out our weekly blog - www.irasmithinc.com/blog

Sent from my iPad

On 2013-04-04, at 11:46 AM, "Ken Lai" <KenL@trezcapital.com> wrote:

The document looks fine to me.

<p>Ken Lai</p> <p><image001.jpg></p>	<p>B.Comm. C.A. Vice President, Loan Administration</p> <hr/> <p>Suite 1550, 1185 West Georgia St. Vancouver, BC, Canada, V6E 4E6 Direct: 604.629.0888 Main: 604.689.0821 Facsimile: 604.638.2775</p>
---	--

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 mail
 may
 contain
 privileged
 and
 confidential*

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From: Dominique Michaud [<mailto:dmichaud@robapp.com>]
Sent: Thursday, April 04, 2013 8:23 AM
To: Dominique Michaud; 'ira@irasmithinc.com'; Morley Greene; Noah Mintz; Ken Lai
Cc: Irving Marks
Subject: RE: Draft Notice of Motion and Appointment Order

Gentlemen:

We need to file our draft Notice of Motion by 3 pm today. If you have any comments, please deliver them as soon as possible so we can make any necessary changes.

Dom

Dominique Michaud
 Tel: (416) 360-3795
 E-mail: dmichaud@robapp.com

<!--[if !vml]--><[image002.jpg](#)><!--[endif]-->

..--

From: Dominique Michaud [<mailto:dmichaud@robapp.com>]
Sent: April 3, 2013 6:15 PM
To: 'ira@irasmithinc.com'; 'Morley Greene'; 'Noah Mintz'; 'Ken Lai'
Cc: Irving Marks
Subject: Draft Notice of Motion and Appointment Order

Gentlemen:

Please find attached our draft Notice of Motion together with draft Order appointing Ira as Receiver. Please review it and provide your comments.

I have also attached a blackline of our appointment order against the standard commercial list appointment order. This blackline will highlight the changes to the standard commercial list appointment order. This should provide Ira some guidance if he thinks anything else should be added or deleted.

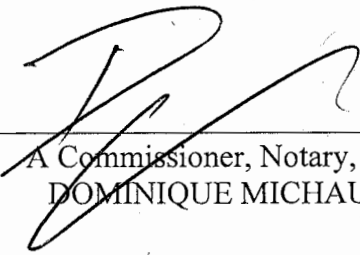
Please provide your comments as soon as possible as we need to file this draft motion with the court tomorrow for our appointment on Monday.

Dom

Dominique Michaud
Tel: (416) 360-3795
E-mail: dmichaud@robapp.com

269

THIS IS **EXHIBIT "HH"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

Dominique Michaud

From: Ira Smith [ira@irasmithinc.com]
Sent: April 11, 2013 5:16 PM
To: Irving Marks; Dominique Michaud
Subject: FW: 316 King St. N. Site/Building Condition



IRA SMITH MBA, CPA, CA-CIRP
President

167 Applewood Cres. Suite 6, Concord, ON L4K 4K7

P: 905.738.4167 ext.111 | C: 905.738.4167 ext. 211
F: 905.738.9848 | E: ira@irasmithinc.com
www.irasmithinc.com

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From: Marty Wolfe
Sent: April-11-13 5:00 PM
To: Ira Smith
Subject: FW: 316 King St. N. Site/Building Condition



MARTIN WOLFE CPA, CA
Senior Consultant

167 Applewood Cres. Suite 6, Concord, ON L4K 4K7

P: 905.738.4167 ext.127 | C: 416..508.9748
F: 905.738.9848 | E: martin@irasmithinc.com
www.irasmithinc.com

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From: Rick Block [<mailto:Rick.Block@waterloo.ca>]
Sent: April-11-13 4:42 PM
To: Marty Wolfe
Cc: Ralph Kaminski
Subject: FW: 316 King St. N. Site/Building Condition

272

Good afternoon Mr. Wolfe,

The property at 316 King St. N. has been left in a condition that does not meet the requirements of the Building, Site Plan, Zoning and Engineering approvals for the original development. The cancellation of the Addition Building Permit # 12-002022 meant that the site and building had to be returned to a finished state to meet the original occupancy conditions. There is at present no onsite parking and there are incomplete structural renovations leaving a large hole exposing the interior of the parking garage. Proper Construction fencing shall be constructed around this opening to prevent unauthorized entry. The grading was modified to accommodate the new construction and has not been graded or maintained and is causing ponding and water to run into the building. Also the excavation perimeter is continuing to erode and requires work to prevent this. Please contact me to set up a meeting to discuss how and when this site will be returned to a condition that will meet the requirements of the original permit. We also need to meet onsite to assess how the site needs to operate safely for the existing tenants to ensure safe access and exiting. Please call ASAP for this inspection appointment we must have someone on site that can be responsible to ensure any changes necessary will be carried out in a timely manner.

RICK BLOCK

Building Standards

Deputy Chief Building Official

City of Waterloo

100 Regina St.S

PO Box 337, Station Waterloo

Waterloo, Ontario N2J 4A8

T: 519-747-8793

F: 519-747-8792

Tty: 886-786-3941

E: Rick.Block@waterloo.ca

www.waterloo.ca

www.twitter.com/citywaterloo

www.youtube.com/citywaterloo

www.facebook.com/citywaterloo

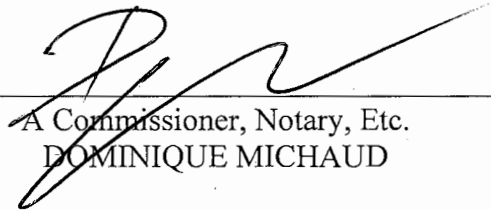
Please consider the environment before printing this email.

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12/04/2013

THIS IS **EXHIBIT "II"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD



Sign up for Dropbox

Sign in

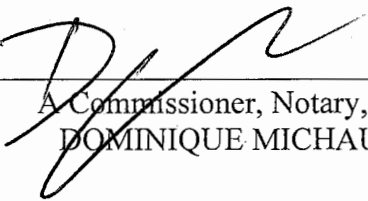
1817983 Site Pictures 3 26 13



277



THIS IS **EXHIBIT "JJ"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

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

Properties

PIN 22361 - 0416 LT **Interest/Estate** Fee Simple
Description 1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB.LOT 13 G.C.T., AS IN 1121892; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418; SUBJECT TO AN EASEMENT FOR ENTRY AS IN WR251469; CITY OF WATERLOO
Address 316 KING STREET NORTH
 WATERLOO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1817983 ONTARIO LTD.
Address for Service 1 Queen Street North, Suite 200
 Kitchener, Ontario
 N2H 2G7

I, Christodoulos Christodoulou, President, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

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

Name VECTOR FINANCIAL SERVICES LIMITED
Address for Service 25 Imperial Street, Suite 500
 Toronto, Ontario
 M5P 1B9

Provisions

Principal \$300,000.00 **Currency** CDN
Calculation Period See Schedules
Balance Due Date See Schedules
Interest Rate See Schedules
Payments
Interest Adjustment Date
Payment Date See Schedules
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor

Additional Provisions

See Schedules

Signed By

Nicole Dawne Yap 480 University Ave, # 1600 acting for Chargor Signed 2012 06 25
 Toronto (s)
 M5G 1V2

Tel 4165979922
Fax 4165973370

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

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

yyyy mm dd Page 2 of 23

Submitted By

GOLDMAN SLOAN NASH & HABER LLP

480 University Ave, # 1600
Toronto
M5G 1V2

2012 06 25

Tel 4165979922

Fax 4165973370

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargee Client File Number : 120261

THIS IS **EXHIBIT "KK"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

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

yyyy mm dd Page 1 of 23

Properties

<i>PIN</i>	22316 - 0073 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 13 N/S KING ST & E/S QUEEN ST PL 364 KITCHENER; PT LT 14 N/S KING ST & E/S QUEEN ST PL 364 KITCHENER AS IN 1283482; KITCHENER		
<i>Address</i>	4 KING STREE EAST KITCHENER		
<i>PIN</i>	22316 - 0082 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	PT LT 13 N/S KING ST & E/S QUEEN ST PL 364 KITCHENER; PT LT 14 N/S KING ST & E/S QUEEN ST PL 364 KITCHENER PT 3, 4 & 6, 58R1341, T/W 1444943, EXCEPT EASEMENT THEREIN SECONDLY & THIRDLY DESCRIBED, AND RE: PT 1, 58R1341 & ELY 20.17' OF PT 5, 58R1341; KITCHENER		
<i>Address</i>	1 QUEEN STREET NORTH KITCHENER		
<i>PIN</i>	22361 - 0416 LT	<i>Interest/Estate</i>	Fee Simple
<i>Description</i>	1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB.LOT 13 G.C.T., AS IN 1121892; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418; SUBJECT TO AN EASEMENT FOR ENTRY AS IN WR251469; CITY OF WATERLOO		
<i>Address</i>	316 KING STREET NORTH WATERLOO		

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1384934 ONTARIO INC.
Address for Service 1 Queen Street North, Suite 200
Kitchener, Ontario
N2H 2G7

I, Christodoulos Christodoulou, President, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Name 1817983 ONTARIO LTD.
Address for Service 1 Queen Street North, Suite 200
Kitchener, Ontario
N2H 2G7

I, Christodoulos Christodoulou, President, have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name VECTOR FINANCIAL SERVICES LIMITED
Address for Service 25 Imperial Street, Suite 500
Toronto, Ontario
M5P 1B9

Statements

Schedule: 1384934 Ontario Inc. is the owner of those lands set out on PINs 22316-0073 (LT) and 22316-0082 (LT); 1817983 Ontario Ltd. is the owner of those lands set out on PIN 22361-0416 (LT)

Provisions

<i>Principal</i>	\$1,625,000.00	<i>Currency</i>	CDN
<i>Calculation Period</i>	See Schedules		
<i>Balance Due Date</i>	See Schedules		
<i>Interest Rate</i>	See Schedules		
<i>Payments</i>			

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

yyyy mm dd Page 2 of 23

Provisions

Interest Adjustment Date
 Payment Date See Schedules
 First Payment Date
 Last Payment Date
 Standard Charge Terms 200033
 Insurance Amount full insurable value
 Guarantor

Additional Provisions

See Schedules

Signed By

Nicole Dawne Yap 480 University Ave, # 1600 acting for Chargor Signed 2012 06 25
 Toronto (s)
 M5G 1V2

Tel 4165979922
 Fax 4165973370

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

Submitted By

GOLDMAN SLOAN NASH & HABER LLP 480 University Ave, # 1600 2012 06 25
 Toronto
 M5G 1V2

Tel 4165979922
 Fax 4165973370

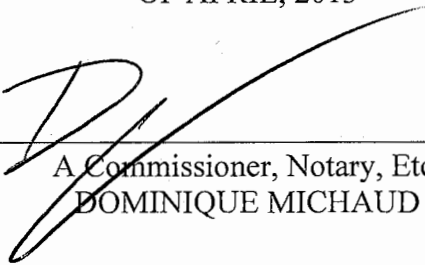
Fees/Taxes/Payment

Statutory Registration Fee \$60.00
 Total Paid \$60.00

File Number

Chargee Client File Number : 120260

THIS IS **EXHIBIT "LL"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

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

Properties

PIN 22361 - 0416 LT **Interest/Estate** Fee Simple
Description 1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73 SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB.LOT 13 G.C.T., AS IN 1121892; 4THLY: PT. LOT 72 SUB.LOT 13 G.C.T., AS IN 674418; SUBJECT TO AN EASEMENT FOR ENTRY AS IN WR251469; CITY OF WATERLOO
Address 316 KING STREET NORTH
 WATERLOO

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name 1817983 ONTARIO LTD.
Address for Service 248 Edgewater Crescent, Kitchener,
 Ontario

I, Chris Christodoulou (President), have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

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

Name AMK MORTGAGES ONTARIO INC.
Address for Service 2171 Avenue Road, Suite 102, Toronto, Ontario, M5M 4B4

Statements

Schedule: See Schedules

Provisions

Principal \$200,000.00 **Currency** CDN
Calculation Period Monthly, interest only
Balance Due Date 2013/06/20
Interest Rate 12.0% per annum
Payments
Interest Adjustment Date 2012 06 20
Payment Date 20th day of each and every month
First Payment Date 2012 07 20
Last Payment Date 2013 06 20
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor Christodoulos Christodoulou and Maria Plotogea

Additional Provisions

Payment: For the first year of the mortgage interest will be paid on the sum of \$150,000.00 only, in monthly instalments of \$1,500.00 interest only.
 After the first year interest will be paid on the sum of \$200,000.00 in monthly instalments of \$2,000.00 interest only.

Signed By

Patricia Henry 56 Sheppard Ave West acting for Chargor Signed 2012 06 27
 North York (s)
 M2N 1M2

Tel 4167339292
Fax 4167339654

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

Submitted By

CRUM - EWING / POLIACIK

56 Sheppard Ave West
North York
M2N 1M2

2012 06 27

Tel 4167339292

Fax 4167339654

Fees/Taxes/Payment

Statutory Registration Fee \$60.00

Total Paid \$60.00

File Number

Chargee Client File Number : B4212

PROVIDED that the Mortgagor(s) when not in default hereunder shall have the privilege of prepaying the whole of the principal sum hereby secured at any time during the term of the mortgage without notice or bonus.

THE PARTIES agree that in the event of a sale, conveyance, disposition or transfer of title of any kind and howsoever affected, the principal outstanding on the mortgage together with all accrued Interest and other proper payment of charges under the mortgage shall, at the sole option of the Mortgagee become immediately due and payable.

The Mortgagor(s) covenants and agree to deliver to the Mortgagee a series of twelve (12) post-dated cheques in the monthly payment amounts called for under the mortgage at the commencement of the mortgage.

PROVIDED FURTHER that in the event that any of the said post-dated cheques are not honoured by the bank or trust company on which they are drawn, the Mortgagor(s) shall pay the Mortgagee for each such NSF payment the sum of ONE HUNDRED FIFTY DOLLARS (\$150.00) as a liquidated amount to cover the Mortgagee's administrative costs and not as a penalty and such sum shall be charged upon the lands and shall bear interest at the rate hereinbefore stated.

PROVIDED FURTHER that any payment (other than payment of the regular payment of interest) that is received by the Mortgagee at Toronto after 11:59 a.m. shall be deemed, for the purpose of calculation of interest, to have been made and received on the next business day.

PROVIDED FURTHER that the Mortgagor(s) agrees to pay to the Mortgagee the sum of ONE HUNDRED AND FIFTY DOLLARS (\$150.00) for each statement requested by the Mortgagor(s) of the Mortgagee.

PROVIDED FURTHER that in the event there is any kind of default under this Charge/Mortgage of Land and a collection letter is issued by the Mortgagee or its solicitor, the Mortgagee is entitled to a fee in the amount of ONE HUNDRED AND FIFTY DOLLARS (\$150.00) for each collection letter written, whether in connection with one default or more.

If the realty taxes are in arrears on the property during the term of this mortgage and the mortgagee should pay any such arrears of taxes the mortgagee shall be entitled to charge a fee of ONE HUNDRED AND FIFTY DOLLARS (\$150.00) for any such payment.

PROVIDED FURTHER that in the event that the Mortgagee receives notice that the insurance coverage has or is about to be cancelled, the Mortgagee shall have the right to place a new policy of insurance on the property without notice to the Mortgagor(s) and add the cost thereof, with an administrative charge of TWO HUNDRED DOLLARS (\$200.00) to the principal sum outstanding hereunder.

PROVIDED FURTHER that the borrower(s) agree that default on any previous mortgages, condominium maintenance charges, payment of realty taxes, failure to maintain adequate fire insurance or failure to pay utilities or other statutory liens, shall constitute default on the within Mortgage and legal proceedings may be commenced without any prior notice or grace period being given to the borrower(s). In the event the Lender(s) should pay any amounts on account of any prior encumbrances, condominium maintenance charges, realty taxes, fire insurance coverage, utilities or other statutory liens outstanding and owing by the Mortgagor(s) as aforesaid, they shall be entitled to a \$200.00 administration cost for each occurrence. Any administrative fees payable shall be added to the principle balance outstanding and shall earn interest pursuant to the provisions herein set out.

THIS LOAN is also secured by a fifth mortgage on P.I.N. No. 22713-3126 municipally known as 248 Edgewater Crescent, Kitchener, Ontario for a like amount at the same interest rate and on the same terms and conditions. Payments on either mortgage shall be credited against the others, and default under one shall constitute default under the others. Once the mortgage is paid off in full then the Mortgagee shall, at the expense of the Mortgagor, execute a discharge of this mortgage as well as a discharge of the mortgage on PIN No. 22713-3126.

GUARANTOR'S CLAUSE

Each party named in the Charge as a Guarantor hereby agrees with the Mortgagee as follows:

(a) In consideration of the Mortgagee advancing all or part of the Principal Amount to the Mortgagor, and in consideration of the sum of TWO DOLLARS (\$2.00) of lawful money of Canada now paid by the Mortgagee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Mortgagee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Mortgagor, and the Guarantor, for himself and his successors, covenants with the Mortgagee that, if the Mortgagor shall at any time make default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Mortgagee without any demand being required to be made.

(b) Although as between the Guarantor and the Mortgagor, the Guarantor is only surety for the payment by the Mortgagor of the moneys hereby guaranteed, as between the Guarantor and the Mortgagee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or releases of any portion or portions of the land; no indulgence shown by the Mortgagee in respect of any default by the Mortgagor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Mortgagee to the Mortgagor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Mortgagor or any successor thereof; no variation in or departure from the provisions of the Charge; no release of the Mortgagor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.

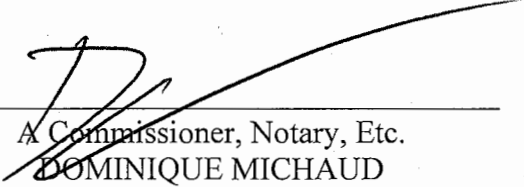
(c) Any payment by the Guarantor of any moneys under this guarantee shall not in any event betaken to affect the liability of the Mortgagor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Mortgagor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Mortgagor to all the rights, privileges and powers to which the Mortgagee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to rank or payment against the lands in competition with the Mortgagee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Mortgagee.

(d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor all such covenants, liabilities and obligations shall be joint and several.

(e) The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

Chris Christodoulou

THIS IS **EXHIBIT "MM"** REFERRED TO IN
THE AFFIDAVIT OF **NOAH MINTZ**
SWORN BEFORE ME THIS 15TH DAY
OF APRIL, 2013



A Commissioner, Notary, Etc.
DOMINIQUE MICHAUD

CLEAR CERTIFICATE / CERTIFICAT LIBRE

**SHERIFF OF /
SHERIF DE: REGIONAL MUNICIPALITY OF WATERLOO (KITCHENER)**

**DATE OF CERTIFICATE /
DATE DU CERTIFICAT: 2013-04-12**

THIS CERTIFIES THAT THERE ARE NO WRITS OF EXECUTION, EXTENT OR
CERTIFICATES OF LIEN IN MY HANDS AT THE TIME OF SEARCHING AGAINST THE REAL
AND PERSONAL PROPERTY OF:

JE CERTIFIE, PAR LA PRESENTE, NE PAS AVOIR DE BREF D'EXECUTION, NI DE
CERTIFICAT DE PRIVILEGE, NI D'ORDONNANCE EN MA POSSESSION AU MOMENT DE LA
RECHERCHE VISANT LES BIENS MEUBLES OU IMMEUBLES DE:

	SURNAME / NOM	GIVEN NAME(S) / PRENOM(S)
(COMPANY/SOCIETE)	1817983 ONTARIO LTD.	

CAUTION TO PARTY REQUESTING SEARCH:
ENSURE THAT THE ABOVE INDICATED NAME IS THE SAME AS THE NAME SEARCHED.
THIS NAME WILL REMAIN CLEAR UNTIL THE CLOSE OF BUSINESS THIS DATE.

AVERTISSEMENT A LA PARTIE QUI DEMANDE LA RECHERCHE:
ASSUREZ-VOUS QUE LE NOM INDIQUE CI-DESSUS EST LE MEME QUE CELUI QUI EST
RECHERCHE. CE NOM DEMEURERA VALIDE JUSQU'A LA FIN DE LA JOURNEE DE TRAVAIL.

CHARGE FOR THIS CERTIFICATE /
FRAIS POUR CE CERTIFICAT: \$11.00

SEARCHER REFERENCE /
REFERENCE CONCERNANT L'AUTEUR DE LA DEMANDE: 1200354

TREZ CAPITAL CORPORATION -and- 1817983 ONTARIO LTD. et al.
et al.
Plaintiffs

Defendants
Court File No. CV-13-10065-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

AFFIDAVIT OF NOAH MINTZ

ROBINS APPEBY & TAUB LLP
Barristers & Solicitors
2600 - 120 Adelaide Street West
Toronto ON M5H 1T1

Irving Marks LSUC #19979H
Tel: (416) 360-3329

Dominique Michaud LSUC #56871V
Tel: (416) 360-3795
Fax: (416) 868-0306

Lawyers for the Plaintiffs

TREZ CAPITAL CORPORATION -and- 1817983 ONTARIO LTD. et la.
et al.
Plaintiffs

Defendants

Court File No. CV-13-10065-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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Tel: (416) 360-3795
Fax: (416) 868-0306

Lawyers for the Plaintiffs/ Moving Parties

Court File No. CV-13-10065-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

**TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA**

Plaintiffs

and

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU

Defendants

CONSENT

Ira Smith Trustee & Receiver Inc., a licensed trustee in bankruptcy, hereby agrees to act as Receiver of the property, assets and undertaking of the Defendant, 1817983 Ontario Ltd.

Dated at Toronto this 12th day of April, 2013.

Ira Smith Trustee & Receiver Inc.Per: 

Name: Ira Smith

Title: President, Trustee in Bankruptcy

TREZ CAPITAL CORPORATION -and- 1817983 ONTARIO LTD. et la.
et al.
Plaintiffs

Defendants
Court File No. CV-13-10065-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

CONSENT

ROBINS APPELBY & TAUB LLP
Barristers & Solicitors
2600 - 120 Adelaide Street West
Toronto ON M5H 1T1

Irving Marks LSUC #19979H
Tel: (416) 360-3329

Dominique Michaud LSUC #56871V
Tel: (416) 360-3795
Fax: (416) 868-0306

Lawyers for the Plaintiffs/ Moving Parties

January 15, 2010
s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver Court File No.
□□□□□ CV-13-10065-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE □□□□□)
) WEEKDAY _____, THE # _____
)
JUSTICE □□□□□ _____)
 DAY OF MONTH _____, 20YR 2013

PLAINTIFF[†]

Plaintiff

TREZ CAPITAL CORPORATION,
TREZ CAPITAL LIMITED PARTNERSHIP and
COMPUTERSHARE TRUST COMPANY OF CANADA

Plaintiffs

- and -

1817983 ONTARIO LTD. and CHRISTODOULOS CHRISTODOULOU
DEFENDANT

Defendant

Defendants

ORDER

[†]The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

THIS MOTION made by the Plaintiff²~~Plaintiffs~~ for an Order pursuant to section 243(1) of the ~~Bankruptcy and Insolvency Act~~, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the ~~Courts of Justice Act~~, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing [RECEIVER'S NAME]Ira Smith Trustee & Receiver Inc. as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of [DEBTOR'S NAME]1817983 Ontario Ltd. (the "Debtor") ~~acquired for, or used in relation to a business carried on by the Debtor,~~ was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of [NAME]Noah Mintz sworn [DATE]April 15, 2013 and the Exhibits thereto and on hearing the submissions of counsel for [NAMES]Plaintiffs and counsel for the Defendants, no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of [RECEIVER'S NAME]Ira Smith Trustee & Receiver Inc. to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion is hereby abridged and validated³ so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to ~~section 243(1) of the BIA~~ and section 101 of the CJA, [RECEIVER'S NAME]Ira Smith Trustee & Receiver Inc. is hereby appointed Receiver, without security, of all of lands and premises legally described in Schedule "A" hereto (the

² Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

³ If service is effected in a manner other than as authorized by the Ontario *Rules of Civil Procedure*, an order validating irregular service is required pursuant to Rule 16.08 of the *Rules of Civil Procedure* and may be granted in appropriate circumstances.

“Lands”) and for the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the **“Property”**). For greater certainty, Property includes Insurance Policies, Material Contracts, Permits, Personal Property, Plans, Specifications and Securities, as each such terms is defined in Schedule “B” hereto.

RECEIVER’S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- (i) without the approval of this Court in respect of any transaction not exceeding \$~~□□□□□□~~100,000.00 provided that the aggregate consideration for all such transactions does not exceed \$~~□□□□□□~~250,000.00; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, {for section 31 of the Ontario *Mortgages Act*, as the case may be,} shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply:

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the

foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that

nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

9. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3, as amended (the "BIA"), and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien or delivery for demand pursuant to section 39 of the Construction Lien Act, R.S.O., 1990, c.C.30, as amended (the "CLA").

NO INTERFERENCE WITH THE RECEIVER

10. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities,

including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

14. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder

(the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁴

18. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

⁴ Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".

19. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "AC" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

23. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

24. **THIS COURT ORDERS** that notwithstanding paragraphs 20-23 inclusive, and as alternate thereto, the Receiver is hereby authorized to borrow money to fund the exercise of its powers and duties hereunder by way of advances from the Plaintiffs, which advances shall be secured by the Plaintiffs' security on the Property (including without limitation the First

Mortgage as defined and attached as an exhibit to the Mintz Affidavit), with the same priority that may attach to such security.

25. THIS COURT ORDERS that all funds advanced by the Plaintiffs to the Receiver to fund the exercise of its powers and duties as a private receiver prior to the date of this Order shall be secured by the Plaintiff's security on the Property (including without limitation the First Mortgage as defined and attached as an exhibit to the Mintz Affidavit), with the same priority that may attach to such security.

GENERAL

26. 24.-THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

27. 25.-THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. 26.-THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. 27.-THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

30. 28.-THIS COURT ORDERS that the Plaintiff Plaintiffs and the Receiver and any party who has served a Notice of Appearance, may serve any materials in this proceeding by e-mailing

a pdf or other electronic copy of such materials to counsels' e-mail addresses as recorded on the Service List from time to time, in accordance with the e-filing protocol of the Commercial List to the extent practicable.

31. **THIS COURT ORDERS** that the Plaintiffs shall have its costs of this ~~motion~~Motion, up to and including entry and service of this Order, as provided for by the terms of the ~~Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine~~Plaintiffs' security.

32. ~~29.~~ **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"

LEGAL DESCRIPTION OF THE LANDSPIN No. 22361-0434 (LT)

1STLY: PT. LOT 74 SUB.LOT 13 G.C.T., BEING PT. 2 ON 58R-15301; 2NDLY: PT. LOT 73
SUB.LOT 13 G.C.T., BEING PT. 1 ON 58R-15301; 3RDLY: PT. LOT 74 SUB. LOT 13 G.C.T.,
AS IN 1121892, SAVE & EXCEPT PT 2 ON 58R-17380; 4THLY: PT. LOT 72 SUB.LOT 13
G.C.T., AS IN 674418, SAVE & EXCEPT PT 1 ON 58R-17380; SUBJECT TO AN
EASEMENT AS IN WR251469; CITY OF WATERLOO

SCHEDULE "B"

DEFINED TERMS

"Construction Agreements" means all construction contracts and subcontracts entered into by or on behalf of the Debtor for the supply of construction services or materials to all improvements constructed on or made to the Lands including, without limitation, all agreements, invoices and other documents related thereto, together with all bonds, guarantees, letters of credit and/or other securities issued with respect to the performance of such Construction Agreements and the supply of all work, labour and materials thereunder.

"Insurance Policies" means all policies of insurance insuring the Lands and the building improvements, fixtures and other properties situate in, on or under the Lands or arising out of the interest of the Debtor in the Lands including, without limitation, policies of insurance for property damage, loss of rental income, business interruptions, theft of property, professional liability, general liability, fire and extended perils and boiler and machinery.

"Material Contracts" means all of the right, title and interest, but not the liabilities, obligations or burdens, of the Debtor in all contracts entered into by or on behalf of the Debtor for the development, servicing and management of any improvements constructed on or made to the Lands including, without limitation, any cost sharing agreements (except Construction Agreements which are expressly excluded herefrom), insurance, Permits and Plans and Specifications and Landmark Sale Agreements including, without limitation, any amendments, extensions, renewals and replacement which have been made to any of them, all proceeds therefrom, all benefits and advantages which now or hereafter may be derived therefrom, all debts, demands, choses in action and claims due, owing, or accruing due to or on behalf of the Debtor therefrom and all books, accounts, invoices, letters, papers, drawings, blueprints, documents, records and data (including hard and soft copies thereof and all forms of magnetic, electronic and other means of data storage) in any way evidencing or relating thereto.

"Permits" means all present and future approvals, licenses, demolition permits, excavation permits, foundation permits, building permits, construction permits and other permits now or hereafter issued or required to be issued by any public or governmental authority in order to permit the construction of improvements to the Lands.

"Personal Property" means all personal property (including, without limitation, each account, chattel paper, document of title, equipment, instrument, intangible, inventory, money, security and goods) owned or acquired by or on behalf of the Debtor or in respect of which the Debtor has any rights and which is now located on, affixed or attached to, placed upon, situate in or on, or which may arise out of, from or in connection with the ownership, use or disposition of, the Lands or any part thereof, including, without limitation, all increases, additions, substitutions, repairs, renewals, replacements, accessions, accretions and any improvements to any such Personal Property and all proceeds and other amounts derived directly or indirectly from any dealings with any such Personal Property.

"Plans and Specifications" means all plans, specifications and drawings for the improvements constructed upon the Lands.

"Securities" means all monies evidenced or represented by certificates of deposit, guaranteed investment certificates or other interest bearing instruments or accounts issued to or registered in the name of the Debtor or its nominee and all renewals thereof and/or substitutions, replacements, additions of alterations thereof.

SCHEDULE "C"

RECEIVER CERTIFICATE

CERTIFICATE NO. □□□□□□

AMOUNT \$□□□□□□

1. THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~ Ira Smith Trustee & Receiver Inc. the receiver (the "Receiver") of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~ 1817983 Ontario Ltd. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the □□□□□□ of MONTH , 20YR2013 (the "Order") made in an action having Court file number □□□□□□-CL-□□□□□□, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$□□□□□□, being part of the total principal sum of \$□□□□□□ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the □□□□□□ day of each month] after the date hereof at a notional rate per annum equal to the rate of □□□□□□ per cent above the prime commercial lending rate of Bank of □□□□□□ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the day of MONTH, 20YR-2013

[RECEIVER'S NAME], Ira Smith Receiver & Trustee Inc. solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:
Name:
Title:

Document comparison by Workshare Compare on Monday, April 15, 2013
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Description	#2374543v2<Active> - Receivership Appointment Order
Rendering set	standard

Legend:	
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Statistics:	
	Count
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Moved to	1
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Format changed	0
Total changes	182

TREZ CAPITAL CORPORATION -and- 1817983 ONTARIO LTD. et la.
et al.
Plaintiffs

Defendants
Court File No. CV-13-10065-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

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Lawyers for the Plaintiffs/ Moving Parties

TREZ CAPITAL CORPORATION -and- 1817983 ONTARIO LTD. et la.
et al.
Plaintiffs *Defendants*

Court File No. CV-13-10065-00CL

ONTARIO
**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT
TORONTO

**MOTION RECORD
(Volume 2 of 2)**

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