

File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

**THIRD REPORT OF CROWE SOBERMAN INC. in its capacity as Court-
appointed Receiver of DEEM MANAGEMENT SERVICES LIMITED and
THE UPTOWN INC.**

DATED FEBRUARY 8, 2019

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- Appendix DD Independent Security Opinion dated February 8, 2019

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APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT* AND SECTION 101 OF THE COURTS OF JUSTICE ACT

THIRD REPORT OF THE RECEIVER

FEBRUARY 8, 2019

INTRODUCTION

1. On May 31, 2018, pursuant to an order of the Honourable Mr. Justice Wilton-Siegel, made on an application by Donald Dal Bianco (“**Dal Bianco**”), Crowe Soberman Inc. was appointed as Receiver (the “**Receiver**”) of (collectively the “**Property**”):
 - (i) the property known municipally as 215 and 219 Lexington Road, Waterloo, Ontario N2K 2E1 (the “**Real Property**”),
 - (ii) the assets and undertakings of Deem Management Services Limited (“**Deem Management**”) related to the Real Property, and
 - (iii) the property, assets and undertakings of the Uptown Inc. (the “**Uptown**”, together with Deem Management the “**Companies**”).

2. A copy of Justice Wilton-Siegel's Order dated May 31, 2018 (the "**Receivership Order**") is attached hereto as **Appendix "A"**.
3. This report (the "**Third Report**") is filed by Crowe Soberman Inc. in its capacity as the Receiver of the Property of the Companies.
4. The orders and reports referred to in this report, together with related Court documents, are posted on the Receiver's website, which can be found at:

<https://crowesoberman.com/insolvency/engagements/deem-management-services-limited/>

BACKGROUND

5. The background to the Property is more fully set out in the First Report dated June 8, 2018, a copy of which is attached hereto without appendices as **Appendix "B"**. By way of overview:
 - a) Deem Management is a company that has been working for many decades in the Ontario nursing home and retirement home sector. It was the registered owner of the Real Property.
 - b) A portion of the Real Property was vacant land where the Project had started. The remaining land contained the operating Pinehaven Nursing Home, which is an unrelated third party nursing home business. Part of Deem Management's business involved the collection of rent from Pinehaven.
 - c) The Uptown operated a presentation centre located on the Real Property and was engaged in the planning related to the redevelopment of the Real Property as a seniors retirement residence called the Uptown Residences. The work carried out by the Companies had primarily been in the nature of obtaining approvals relative to Phase 1 of the Project, and the excavation and installation of caissons necessary for that part of the development.
 - d) Both Deem Management and the Uptown are owned by Rob Dal Bianco, who is the sole director of the Companies, and is the son of Dal Bianco.
 - e) Maxion Management Services Inc. ("**Maxion**") was the general contractor on the Project. The Receiver understands that Maxion is owned by Paul Michelin. The Receiver was advised by counsel for Michelin and Maxion that its clients assert a

joint venture ownership claim, is a shareholder in Uptown, and therefore claim a beneficial interest in the Project.

- f) The Receiver understands that Maxion was advised to cease construction by Rob in the early winter of 2018. Shortly after construction ceased, various service providers registered construction liens against title to the Property commencing on March 7, 2018 totalling \$7,673,672.48.
- g) In addition to the amounts claimed by the construction lien claimants, the Application Record dated May 28, 2018, outlined various mortgages and loans registered against title to the Property which exceed \$20 million.

PROCEDURAL HISTORY OF THE RECEIVERSHIP

Sales Process

- 6. Following its appointment, the Receiver filed its First Report with the Court. The purpose of the First Report was to approve a proposed sales process, which substantially continued a prior sales process that had been begun by the Companies.
- 7. Through the sales process, letters of intent were delivered and subsequently the Receiver sought proposed agreements of purchase and sale from two possible purchasers.

Approval of sale

- 8. The preferred purchaser was disclosed on July 9, 2018 when the Receiver filed its Second Report with the Court to seek an approval and vesting order for the sale with that purchaser. A copy of the Second Report without appendices is attached hereto as **Appendix “C”**. An Approval and Vesting Order was granted by the Honourable Justice McEwen on July 17, 2018.

Partial Distribution Authorization

- 9. The Second Report had also sought authority to pay the amounts owing under the first ranking mortgage in favour of Institutional Mortgage Capital Canada Inc. (“**IMC**”) and under the second ranking mortgage in favour of Donald Dal Bianco.

10. In response, certain construction lien claimants advised the Receiver of their concerns on the proposed distributions, including whether the holdback obligations of the Companies may be greater than the amount being proposed to be reserved, and what impact repaying the first and second mortgage may have on their claims as set out in the *Construction Act*.
11. The Receiver accordingly adjourned the distribution part of its motion to August 14, 2018 in order to gather more information from those lien claimants and to consult with the stakeholders.
12. On August 13, 2018 the Receiver filed its Supplementary Report to the Second Report with the Court. A copy of the Supplementary Report without appendices is attached hereto as **Appendix “D”**. The purpose of the Supplementary Report was to report on the Receiver’s review of the mortgagee and lien claimant priority issues and to request authority for the Receiver to pay the IMC mortgage and the second ranking mortgage of Don Dal Bianco subject to maintaining a reserve of at least \$2,355,904.10 as well as the amounts necessary to pay the professional fees owing to the Receiver and its counsel, and amounts required to complete the administration of the estate.
13. The Receiver did not at that time seek authority to make any distributions to the third-ranking mortgage in favour of Don Dal Bianco, because the circumstances of how and when it was granted required examination. There was also a corresponding set of objections from other creditors.
14. The Honourable Regional Senior Justice Morawetz granted an order to that effect on August 14, 2018 (the “**August 14th Order**”), which also directed the Receiver not to make any other distributions except those authorized by the Court. A copy of the August 14th Order is attached as **Appendix “E”**, and the associated endorsement is attached as **Appendix “F”** along with a typewritten transcription.

Amendment to the agreement of purchase and sale

15. The agreement of purchase and sale with the proposed purchaser that had been approved by the Court was subject to a due diligence provision where information and reports from third parties were provided for review. The culmination of that process was a notice of

claimed costs that was sent to the Receiver outlining the items that the purchaser asserted should reduce the purchase price

16. Following the August 14th Order, the Receiver continued to work through the due diligence process with the purchaser and held a series of meetings in order to understand the basis for revising the purchase price and its objection to those claims.
17. After extensive negotiations the purchaser and the Receiver agreed on a mutually acceptable adjustment to the purchase price under the agreement, subject to approval by this Court. An assignment to a related company was also agreed upon by the Receiver and the purchaser.
18. On August 27, 2018 the Receiver filed its Second Supplementary Report with the Court. The purpose of the Second Supplementary Report was to support the Receiver's motion for an order authorizing the Receiver to agree to amend the price under the APS and conclude the transaction with the assignee of the purchaser.
19. There was no objection to the approval of the amended transaction with the Purchaser, and the Honourable Justice Hainey accordingly issued an amended approval and vesting order dated August 30, 2018.

PURPOSE

20. The purpose of this Third Report is to:
 - a) Report to the Court on the activities of the Receiver since the date of the Second Supplementary Report to the Second Report;
 - b) Report on the completion of the sale of the Property;
 - c) Report on the interim distributions made by the Receiver;
 - d) Provide the Court with a summary of the Receiver's cash receipts and disbursements for the period May 31, 2018, January 31, 2019;
 - e) Seek an Order:

- i. Approving the Third Report and the Receiver's conduct and activities described therein; and
 - ii. Approving the fees and disbursements of the Receiver and of the Receiver's counsel to January 31, 2019; and
- f) Seek directions regarding the enforceability of the third ranking mortgage granted to Donald Dal Bianco;

TERMS OF REFERENCE

21. In developing this Third Report, the Receiver has relied upon certain unaudited financial information prepared by the Companies' management and staff, the Companies' books and records and discussions with their management, staff, agents and consultants. The Receiver has not performed an audit or other verification of such information. The Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Receiver in preparing this Third Report.

ACTIVITIES SINCE THE SECOND SUPPLEMENTARY REPORT

22. Following the granting of the Amended Approval and Vesting Order the Receiver and its counsel diligently worked with the purchaser and assignee and completed the Transaction on August 31, 2018. A copy of the Receiver Certificate filed with the Court is attached hereto as **Appendix "G"**.
23. After closing, the Receiver made distributions as authorized by the August 14th Order as follows:
- a) to Donald Dal Bianco in respect of Receiver's Certificates of \$293,694.55;
 - b) to IMC of \$8,299,346.58; and
 - c) to Donald Dal Bianco in respect of the second-ranking mortgage of \$5,002,656.45.
24. There remains a disputed portion of \$90,350.22 out of the amounts claimed by Donald Dal Bianco in connection with the second-ranking mortgage, which is claimed as a three month

default fee. The Receiver is reviewing the appropriateness of that claimed amount and intends to discuss it further with counsel for Donald Dal Bianco.

25. The Receiver collected HST from the Purchaser, because a portion of assets sold by the Receiver was not exempt from HST. The Receiver remitted HST to the Canada Revenue Agency in the amount of \$180,724.31 and completed the HST returns for the Receivership estate to date. A copy of the Notice of Assessment for the HST return of the Uptown for the month of September 2018 is attached hereto as **Appendix “H”**.
26. The Receiver assisted in all ancillary matters as it related to the completion of the transaction, and facilitating communication between the Purchaser and the relevant stakeholders.

RECEIVERS INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

27. Attached to this report as **Appendix “I”**, is the Receiver’s Interim Statement of Receipts and Disbursements for the period May 31, 2018 to February 6, 2019. During this period, receipts were \$20,327,575.31 while disbursements were \$14,870,341, resulting in an excess of cash receipts over disbursements of \$5,457,198.90.

DIRECTIONS REGARDING THE THIRD RANKING MORTGAGE

28. The Receiver has identified a number of possible issues related to the distribution of the remainder of the proceeds of sale of the Property.

The secured creditors

29. In order to discuss the distribution issues, a summary of the secured creditors of the Companies will assist, which is as follows:
 - a) IMC was holder of the first-ranking mortgage by virtue of postponement, which was registered on May 9, 2017 and which amounted to \$8,299,346.58;
 - b) Donald Dal Bianco was holder of the second ranking mortgage by virtue of postponement, which was registered on June 25, 2015 and which amounted to \$5,002,656.45;

- c) Donald Dal Bianco as holder of the third ranking mortgage by time of registration, which was registered on February 23, 2018, the principal amount of which is \$7,978,753.45;
 - d) Kieswetter Excavating Inc. (“**Kieswetter**”) for a construction lien registered on March 7, 2018 in the amount of \$1,827,409;
 - e) Deep Foundations Inc. (“**Deep**”) for a construction lien registered on March 14, 2018 in the amount of \$918,432;
 - f) Onespace Limited (“**Onespace**”) for a construction lien registered on March 19, 2018 in the amount of \$68,580;
 - g) Maxion for a construction lien registered on March 29, 2018 in the amount of \$4,522,597;
 - h) EXP Services Inc. (“**EXP**”) for a construction lien registered on April 12, 2018 in the amount of \$336,654; and
 - i) Maxion for a further construction lien registered on July 13, 2018 in the amount of \$560,283.
30. As noted above, the first-ranking mortgage of IMC and the second-ranking mortgage of Donald Dal Bianco have been paid, subject to the disputed three-month interest claim by Mr. Dal Bianco on the second-ranking mortgage as noted above.
31. Maxion has advised, by its counsel, that its lien claims include the claims of Kieswetter, Deep, Onespace and EXP. The total amount of the lien claims is therefore the sum of Maxion’s two lien claims, or \$5,082,880.

Possible issues for further distributions

32. As noted above, the undistributed proceeds of sale of the Property is \$5,457,198.90.
33. The following are issues that the Receiver has identified may apply to the distribution of those amounts (less further costs of the estate):
- a) Construction holdback: The interests of lien claimants have priority over the interests of all mortgages for holdback for work done for the project at the Property under subsection 78(2) of the *Construction Act*. This holdback obligation has priority over IMC as the first-ranking mortgage, because that mortgage was partially intended for the purpose of financing construction, which then leads to priority of the holdback obligation over the second-ranking Donald Dal Bianco

mortgage by virtue of postponement and priority over the third-ranking Donald Dal Bianco mortgage by virtue of time of registration.

There is a dispute about the proper amount of the holdback obligation. Maxion asserts that this is \$2,377,918.60, based on what it says is the total amount of work done on the site since January/February of 2010.

The Receiver is uncertain whether the nature of the project and the work done, including periodic stops and changes, means that all work since 2010 was necessarily on the same project for purposes of calculating the holdback. Identifying whether all or a lesser amount of that work is the same project, and what is the value of that work, will be required to fully determine this issue.

- b) When work on this project started: Another impact of the uncertainty over when the work on this project started is that a possible limitation on the value of the payments to mortgagees arises in subsection 78(3) of the *Construction Act*. If that work started subsequently to the IMC mortgage, it would be necessary to determine whether the amounts owing under the second-ranking Donald Dal Bianco mortgage and the amounts owing for the non-construction parts of the IMC mortgage exceeded the value of the property when that work began.

This possible issue is factually incongruous with the holdback claims of Maxion, which are based on work having started in 2010, rather than after May 9, 2017 when the IMC mortgage was placed.

- c) Validity of lien claims: There are procedural requirements in the *Construction Act* for the prosecution of lien claims. The claims for lien have not yet been reviewed by the Receiver as to whether they have been registered on title and supported by a Statement of Claim within the requisite time periods, which is a pre-requisite for having a secured claim.
- d) Quantification of lien claims: The lien claims have also not been reviewed for whether the amounts claimed are properly supported. In that regard, the Receiver notes that it has been advised by Rob Dal Bianco, the principal of Deem Management, that it is his assertion that the claims of Maxion have been improperly inflated and that Maxion may in fact owe Deem Management a refund for amounts that were previously overpaid.
- e) Involvement of Paul Michelin in Maxion: The Receiver has determined that Mr. Michelin is undischarged from his second bankruptcy. Mr. Michelin is a principal actor at Maxion, and it is unclear whether he is a legal or *de facto* director of that company. If so, the consequences of being a director when disqualified from doing so under the *Business Corporations Act* require review.
- f) The third-ranking mortgage to Donald Dal Bianco: As will be discussed further below, the circumstances in which the third-ranking mortgage was granted lead to questions about its enforceability.

34. The Receiver believes that the first of those issues that should be addressed is item (f), the enforceability of the third-ranking mortgage. If that mortgage is not valid, the priority issues between the liens and the mortgages will fall away, because there will be sufficient funds to pay the liens in full even if their full amounts are owing.
35. Counsel for Donald Dal Bianco as well as counsel for all the lien claimants agree with this approach.
36. The Receiver has therefore examined the circumstances that may apply to whether the third-ranking mortgage granted to Donald Dal Bianco is valid, in order to seek direction from the Court on that issue. As noted above, the timing and method of how that mortgage was granted lead to questions about its enforceability.
37. In preparing this Third Report, the Receiver has discussed with the stakeholders that it would set out its review to-date of the relevant facts, after which the stakeholders may submit evidence, reply evidence to that of other stakeholders, and conduct any cross-examinations felt to be necessary. Following those further steps, the Receiver will provide a further report to attempt to provide further information and, if appropriate, recommendations regarding the issues raised.

The circumstances of the third-ranking mortgage

The third mortgage

38. The third-ranking mortgage was granted by Deem Management to Don Dal Bianco on February 14, 2014 and registered on February 23, 2018 as instrument no. WR1099051, a copy of which is attached as **Appendix “J”**. It secured the principal amount of \$7,978,753.45, with interest of \$689,461.20 stated in the mortgage as having accrued between April 1, 2012 to January 26, 2018 at the rate of 5% per annum. Interest was stated as accruing at the rate of the prime rate of Toronto-Dominion Bank plus 2% per annum after January 26, 2018.

The advances under the third mortgage

39. Don Dal Bianco has advised the Receiver that amounts owing under this mortgage had been advanced between 2012 and 2015. A schedule of the advances as provided by Mr. Dal Bianco is attached as **Appendix “K”**.
40. The principal amount shown in that schedule of advances is \$7,718,944.47, which is different than the total secured in the mortgage of \$7,978,753.45.
41. Mr. Dal Bianco advised the Receiver that the reason for these advances was for loans to Deem Management for the development and construction project at the Property.
42. Mr. Dal Bianco advised that before February of 2018 there were no documents concerning this loan. The verbal arrangements between him and Deem Management were that the loan was payable on demand, and that Deem Management was the borrower.
43. Mr. Dal Bianco further advised that all of these advances were, to his knowledge, used by Deem Management for the project at the Real Property and to make payments to Maxion or entities affiliated with it or as it directed.

Demand prior to the third mortgage

44. The third mortgage was granted after Mr. Dal Bianco made demand on Deem Management in that regard by letter dated January 30, 2018 from his counsel, Peter Cass, a copy of which is attached as **Appendix “L”**. The demand was for \$9,765,538.94, which the Receiver was advised by Mr. Dal Bianco was the principal amount of \$7,978,753.45 plus interest of \$1,786,785.49.
45. The January 30, 2018 demand letter was emailed by Mr. Cass’ office to Rob Dal Bianco of Deem Management, as well as John Wolf of Blaney McMurty LLP, who were counsel to Deem Management at that time. As noted above, Rob Dal Bianco is Mr. Dal Bianco’s son.
46. At the time that this demand was made, Mr. Dal Bianco appears to have been a director and officer of Deem Management. His counsel emailed counsel for Deem Management

on February 1, 2018 to advise that Mr. Dal Bianco was resigning those positions, a copy of which is attached as **Appendix “M”**.

47. Mr. Dal Bianco advises that prior to making formal demand through his counsel in the January 30, 2018 letter, he met with Rob Dal Bianco on behalf of Deem Management to indicate that he would be taking those steps. Mr. Dal Bianco advises that Rob Dal Bianco told him at that point that all construction on the project at the Real Property had stopped or would do so immediately.

The third mortgage was granted as part of a forbearance agreement and arrangements

48. The demand by Mr. Dal Bianco led to forbearance agreement discussions between counsel for Mr. Dal Bianco and counsel for Deem Management. Drafts of some of the proposed additional security documents were forwarded by counsel for Mr. Dal Bianco on February 5, 2018, a copy of which is attached as **Appendix “N”**. Counsel for Deem Management confirmed on February 6, 2018 that a forbearance arrangement was being sought and attached a draft agreement in that regard, a copy of which is attached as **Appendix “O”**.
49. The Receiver has been provided with a set of the correspondence between counsel for Mr. Dal Bianco and counsel for Deem Management leading up to the final forbearance agreement and associated documents. There were 15 further emails between counsel regarding the terms of the forbearance, which shows that several items were negotiated, including:
- a) setting a fixed date of August 14, 2018 before which Mr. Dal Bianco would not be entitled to take enforcement steps in the absence of an event of default under the forbearance agreement;
 - b) reducing the rate of the interest that was to be payable on the principal amounts, with Mr. Dal Bianco having sought 8% per annum and Deem Management successfully bargaining for 5% per annum to January 26, 2018 and the TD bank prime rate plus 2% thereafter; and
 - c) as a result of (b), a reduction in the interest owing to January 26, 2018 from the amount claimed of \$1,786,785.49 to the \$689,461.20 stated in the third mortgage.
50. The final form of the forbearance agreement was signed on or about February 28, 2018 when it was sent by counsel for Deem Management to counsel for Mr. Dal Bianco by letter,

a copy of which is attached as **Appendix “P”**. That package also included the other security documents granted in favour of Mr. Dal Bianco under the forbearance arrangements, including:

- a) the third mortgage on the Real Property;
 - b) a general security agreement from Deem Management;
 - c) a guarantee from a separate company called Deem Management Limited (note that Deem Management’s full name is Deem Management Services Limited) for the obligations of Deem Management;
 - d) a general security agreement from Deem Management Limited;
 - e) an agreement amending a pre-existing charge granted by Deem Management Limited in favour of Mr. Dal Bianco over a different property located at 990 Edward Street in Prescott, Ontario for the obligations of Deem Management;
 - f) a guarantee from The Uptown Inc. for the obligations of Deem Management;
 - g) a general security agreement from The Uptown Inc.;
 - h) a guarantee by Rob Dal Bianco (personally) for the obligations of Deem Management;
 - i) a pledge by Rob Dal Bianco of shares owned in Deem Management and Deem Management Limited; and
 - j) a loan agreement between Deem Management and Mr Dal Bianco dated as of Feb. 14, 2018 but effective as of April 1, 2012.
51. The Receiver has no information regarding the recovery, if any, that Mr. Dal Bianco has obtained in respect of the amounts secured by the third mortgage against the other collateral noted at items (b), (c), (d), (e), (h) or (i), above.
52. The Receiver notes that Blaney McMurty LLP acted for Deem Management in the course of the forbearance negotiations and agreements, but has acted for Don Dal Bianco against Deem Management in the application that led to the Receiver’s appointment. The Receiver was advised that Deem Management retained separate counsel, Wagner Sidlofsky LLP, and consented to Blaney McMurty LLP so acting.

Deem Management's project at the Real Property

53. The Receiver has inquired of Mr. Dal Bianco as to what he understood was the status of Deem Management's project at the Property at the time that the forbearance arrangements, including the third mortgage, were concluded.
54. Mr. Dal Bianco has advised that he was informed by Rob Dal Bianco on several occasions that Deem Management and Maxion, with whom it had a contractual relationship for the development of the property as contractor among other things, were pursuing a number of lending and equity injection opportunities.
55. Mr. Dal Bianco inquired of Rob Dal Bianco for particulars of those opportunities, and provided the Receiver with a set of 63 emails, text messages and documents exchanged among Deem Management, Maxion and various third party brokers, lenders, or equity advisors between December 6, 2016 and May 18, 2018. Some examples of these that are closer in time to the time when the forbearance agreement and third mortgage were entered into include:
 - a) an email from Paul Michelin of Maxion to Phil Reimer of Dentons Canada LLP on November 24, 2017 regarding an intended transaction with Lulu Canada, a copy of which is attached as **Appendix "Q"**;
 - b) an email from Paul Michelin of Maxion to Phil Reimer of Dentons Canada LLP on December 21, 2017 regarding a possible engagement of Envoy International Inc. a copy of which is attached as **Appendix "R"**;
 - c) an email exchange between Adam Patterson of Maxion and Michael Warner of Firm Capital dated January 19, 2018, a copy of which is attached as **Appendix "S"**;
 - d) emails among Adam Patterson of Maxion, Peter Murphy of Maxion, and Robb Cacovic of Bridging Finance Inc. regarding possible financing and data room dated January 23, 2018, a copy of which is attached as **Appendix "T"**;
 - e) an email from Paul Michelin of Maxion to Phil Reimer of Dentons on January 28, 2018 regarding a proposed engagement of Stroll Enterprises LLC, a copy of which is attached as **Appendix "U"**;
 - f) an email from Paul Michelin of Maxion to Rob Dal Bianco dated January 28, 2018 regarding potential transaction with Firm Capital, a copy of which is attached as **Appendix "V"**;

- g) an email from Adam Patterson of Maxion to Rob Dal Bianco on February 2, 2018 that Trez Capital had expressed interest in lending, a copy of which is attached as **Appendix “W”**;
- h) a letter of intent from Firm Capital Corporation dated February 12, 2018, a copy of which is attached as **Appendix “X”**;
- i) emails among Paul Michelin of Maxion, Adam Patterson of Maxion, and Eli Gutstadt dated March 16, 2018 regarding Up Town investment, a copy of which is attached as **Appendix “Y”**;
- j) email from Paul Michelin of Maxion to Phil Reimer of Dentons Canada LLP dated March 23, 2018 regarding Core developments consideration of investment, a copy of which is attached as **Appendix “Z”**;
- k) email from Adam Patterson of Maxion to Rob Dal Bianco dated April 6, 2018 regarding preferred debt and equity possible transactions, a copy of which is attached as **Appendix “AA”**;
- l) emails between Bosco Chan of Livesolar Capital and Paul Michelin of Maxion dated April 23, and 24, 2018 regarding a mortgage commitment, a copy of which is attached as **Appendix “BB”**; and
- m) an email from Paul Michelin to Rob Dal Bianco dated May 11, 2018 regarding a PricewaterhouseCoopers engagement and term sheet, a copy of which is attached as **Appendix “CC”**.

Independent opinion as to validity of the third mortgage

- 56. Counsel for the Receiver has provided an opinion regarding the validity of the third-ranking mortgage granted to Don Dal Bianco, which has concluded that, subject to the normal qualifications and assumptions, this mortgage would constitute a valid charge on subject Real Property of Deem Management in accordance with its terms. A copy of that opinion is attached as **Appendix “DD”**.
- 57. The applicability of those normal qualifications and assumptions in light of the facts noted in this Report is a matter for direction from the Court.

PROFESSIONAL FEES

- 58. Pursuant to the Receivership Order, the Receiver and its counsel, were granted a Receiver’s Charge against the Property as security for their fees and disbursements and were directed

to seek approval for such fees and disbursements. The Receiver and its counsel report on those fees to date and seek such approval.

Fees of the Receiver- Crowe Soberman Inc. (“CSI”)

- 59. From May 31, 2018 to January 31, 2019 the total fees incurred by CSI were \$215,667.00 plus HST in the amount of \$28,036.71 for a total of \$243,703.71.
- 60. Attached separately as part of the Receiver’s motion materials is the affidavit of Hans Rizarri sworn January 31, 2019, which includes a detailed summary of services, time charges and applicable hourly rates related to CSI’s detailed statements of account for the period May 31, 2018 to January 31, 2019.

Fees of Counsel to the Receiver- Goldman, Sloan, Nash & Haber LLP (“GSNH”)

- 61. From May 31, 2018 to January 31, 2019 the total fees incurred by GSNH were \$307,496.00 plus HST in the amount of \$40,272.81 for a total of \$350,647.10.
- 62. Attached separately as part of the Receiver’s motion materials is the affidavit of Brendan Bissell sworn February 8, 2019, which includes a detailed summary of services, time charges and applicable hourly rates related to GSNH’s detailed statements of account for the period May 31, 2018 to January 31, 2019.

All of which is respectfully submitted this 8th day of February, 2019

**Crowe Soberman Inc.
in its capacity as Court-appointed
Receiver of Deem Management Services Limited
and The Uptown Inc., and not in its personal capacity**



per

Per: Hans Rizarri CPA, CA, CIRP

APPENDIX "A"

Court File No.
CV-17-598657 -
OOCL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.)
JUSTICE H.J. WILTON-SIBER)

WEDNESDAY, THE 30th)
DAY OF MAY, 2018)



DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*
and Section 101 of the *Courts of Justice Act*

ORDER
(Appointing Receiver)

THIS APPLICATION made by the Applicant 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 Crowe Soberman Inc. ("Crowe Soberman") as receiver (in such capacity, the "Receiver") without security, of the real property known as 215 and 229 Lexington Road, Waterloo, Ontario N2K 2E1, the legal description of which is further set out in the title search attached hereto and marked as **Schedule "A"** to the Receiver's Certificate (hereinafter referred to as the "**Real Property**") and all other property, assets and undertakings of Deem Management Services Limited (the "**Deem Management**") related thereto, and the property, assets and undertakings The Uptown Inc. ("**Uptown**") (collectively, the "**Property**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Donald Dal Bianco, sworn May 27th, 2018, and the exhibits thereto, and, on hearing the submissions of counsel for the Applicant and all other counsel listed on the counsel slip, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Ariyana Botejue, filed;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application 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, Crowe Soberman is hereby appointed Receiver, without security, of the Property, including all proceeds thereof.

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, in consultation with the Applicant, 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 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 engage consultants, appraisers, agents, experts, auditors, accountants, managers, property managers, real estate agents, brokers, listing agent, counsel and such other persons (each a “**Consultant**”) 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;
- (d) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets as the Receiver deems reasonably necessary in order to carry out the powers conferred on the Receiver in this Order;
- (e) to receive and collect all monies and accounts now owed or hereafter owing to the Deem Management or Uptown (collectively, the “Debtors”) with respect to the Property, and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors, including, as may be necessary, to collect funds currently or hereafter in the hands of the Debtors or any Person (as defined below) related thereto;
- (f) 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 Debtors, for any purpose pursuant to this Order;
- (g) 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 in consultation with the Applicant;
- (h) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court, 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;

- 4 -

- (i) 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;
- (j) to report to, meet with, consult and discuss with the Applicant and or Institutional Mortgage Capital Canada Inc. (“IMC”), and such other 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;
- (k) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (l) 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 Debtors;
- (m) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any Property owned or leased by the Debtors; and
- (n) 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (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 Debtors, 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 Debtors 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 Debtors or the Property are hereby stayed and suspended pending further Order of this Court. This paragraph 8 shall not prevent IMC from enforcing its rights and remedies, if any, against 209 Lexington Road, Waterloo, Ontario (PIN 22291-0011 LT), including commencing any Proceedings against the Debtors in connection with the same.

9. **THIS COURT ORDERS** that no party other than the Receiver or its Consultants shall advertise, market for sale or sell all or any part of the Property, without the written consent of the Receiver and Applicant, or further order of this Court.

10. **THIS COURT ORDERS** that nothing in paragraph 9, above, shall require Cushman & Wakefield ULC ("C&W") to withdraw any marketing materials in connection with the Property or to delist the Property for sale, provided that, without in any way limiting paragraphs 5 and 6, above, C&W shall provide full disclosure of all information and documents relating to its marketing efforts to the Receiver and that C&W shall further comply with any directions given by the Receiver pending the return of a motion by the Receiver for an order regarding a sales process for the Property, which the Receiver shall bring and make returnable on June 11, 2018 on no less than three days' notice to the Service List. *AKW-1*

NO EXERCISE OF RIGHTS OR REMEDIES

11. **THIS COURT ORDERS** that all rights and remedies against the Debtors, 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, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors 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, (iv) prevent the registration of a claim for lien or (v) prevent IMC from enforcing its rights and remedies in respect of the Real Property in the event Deem Management defaults in its obligation to make payments when due with respect to IMC's mortgage of the Real Property with Deem Management (the "**IMC Mortgage**"), upon IMC providing 5 days prior written notice of such default to the Receiver.

NO INTERFERENCE WITH THE RECEIVER

12. **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 Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors 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 Debtors or in respect of the Property 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 Debtors'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 Debtors 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

14. **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

15. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors'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.

PIPEDA

16. **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 Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. **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

18. **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

19. **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 unless otherwise ordered by the Court on the passing of accounts, 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, limited to the amount of \$250,000 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.

20. **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

21. **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 standard 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

22. **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 (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: i) the purpose of funding amounts which fall due hereafter under the IMC Mortgage (a "Mortgage Payment Loan") or ii) the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures (a "Expenses Loan"). 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 Mortgage Payment Loan, together with interest and charges thereon (provided the interest is in no event greater than 5% without the consent of IMC), 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. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Subordinate Receiver's Borrowings Charge**") as security for the payment of the Expenses Loan, together with interest and charges thereon, subordinate to the right of IMC pursuant to the IMC Mortgage, but in priority to all other security interests, trusts, liens, charges

and encumbrances, statutory or otherwise, in favour of any Person, and 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 and the Receiver's Borrowing Charge.

23. **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.

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

25. **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.

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

27. **THIS COURT ORDERS** that the Applicant, the Receiver, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time in accordance with the Protocol, and the Receiver may post a copy of any or all such materials on its website, ~~at~~.

28. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors's creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or notice by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

34. **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.

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

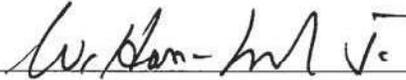
36. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, 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.

37. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis

to be paid by the Receiver from the Debtors's estate with such priority and at such time as this Court may determine.

38. **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.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 31 2018

PER / PAR:



SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

THIS IS TO CERTIFY that Crowe Soberman LLP, the receiver (the "**Receiver**") of certain real property registered on title as being owned by Deem Management Services Limited (the "**Debtors**") and that is listed on Schedule "A" hereto (collectively, the "**Real Property**") and of all the assets, undertakings and properties of the Debtors acquired for or used in relation to the Real Property (together with the Real Property, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 30th day of May, 2018 (the "**Order**") made in an action having Court file number ●, 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 \$500,000 which the Receiver is authorized to borrow under and pursuant to the Order.

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.

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

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.

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.

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 _____, 2018.

CROWE SOBERMAN LLP, solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: _____
Name:
Title:

**SCHEDULE "A" TO THE RECEIVER'S CERTIFICATE
LEGAL DESCRIPTION OF THE REAL PROPERTY**

PIN: 22291-0628 (LT)

Property Description: PT. BLOCK A PLAN 1313, BEING PTS. 1,4,5 ON 58R-6774 & PT.3 ON 58R-2194. S/T EASEMENT IN GROSS OVER PT. 1 ON 58R-17857, AS IN WR853469; CITY OF WATERLOO

Address: 215 and 229 Lexington Road, Waterloo, Ontario, N2K 2E1

DONALD DAL BIANCO

and

Court File No. *CV-18-598657-00CL*
**DEEM MANAGEMENT SERVICES LIMITED and THE
UPTOWN INC.**

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER
(Appointing Receiver)**

BLANEY MCMURTRY LLP
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Toronto ON M5C 3G5

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Tel: (416) 596-4279
Fax: (416) 594-2437

Lawyers for the Applicant, Donald Dal Bianco

APPENDIX “B”

File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

**FIRST REPORT OF CROWE SOBERMAN INC. in its capacity as Court-
appointed Receiver of DEEM MANAGEMENT SERVICES LIMITED
and THE UPTOWN INC.**

DATED JUNE 8, 2018

File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

**APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY
ACT* AND SECTION 101 OF THE COURTS OF JUSTICE ACT**

**FIRST REPORT OF THE RECEIVER
DATED JUNE 8, 2018**

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File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

**APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY*
ACT AND SECTION 101 OF THE COURTS OF JUSTICE ACT**

FIRST REPORT OF RECEIVER

DATED JUNE 7, 2018

APPENDICES

Appendix A- Receivership Order of Justice Wilton- Siegel– May, 31, 2018

Confidential Appendix 1- Cushman & Wakefield- Confidential Information
Memorandum

Appendix B- Cushman & Wakefield- Broker Blast

Confidential Appendix 2- Cushman & Wakefield- Data Base

Confidential Appendix 3- Project Costs

File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT* AND SECTION 101 OF THE COURTS OF JUSTICE ACT

FIRST REPORT OF THE RECEIVER

JUNE 7, 2018

INTRODUCTION

1. On May 31, 2018, pursuant to an order of the Honourable Mr. Justice Wilton-Siegel, made on an application by Donald Dal Bianco (“**Donald**”), Crowe Soberman Inc. was appointed as Receiver (the “**Receiver**”) over the property, assets and undertakings of Deem Management Services Limited (“**Deem Management**”) and the Uptown Inc. (the “**Uptown**”), together (the “**Companies**”). A copy of Justice Wilton-Siegel’s Order dated May 31, 2018 (the “**Receivership Order**”) is attached hereto as **Appendix “A”**.

PURPOSE OF RECEIVER’S FIRST REPORT

2. The Receiver prepared and filed its First Report to the Court (the “**First Report**”) for the primary purpose of:

- a) providing the Court with an update of the actions and activities of the Receiver since its appointment, primarily as it relates to the Receiver's review and recommendations of the marketing and the sales process carried out to date; and in support of the Receiver's motion for an order:
 - a. approving the proposed sales process of the Companies assets (the "**Sale Process**"), and the marketing efforts that have been carried out to date by Cushman & Wakefield ULC ("**C&W**"); and
 - b. approving the activities of the Receiver described herein.
- b) support the Receiver's request for the approval of the Receiver's First Report and the activities of the Receiver described therein;

TERMS OF REFERENCE

- 3. In developing this Report, the Receiver has relied upon certain unaudited financial information prepared by the Company's management and staff, the Company's books and records and discussions with its management, staff, agents and consultants, including C&W. The Receiver has not performed an audit or other verification of such information. The Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Receiver in preparing this Report.

BACKGROUND

- 4. Deem Management is a company that has been working for many decades in the Ontario nursing home and retirement home sector. It is the registered owner of the property municipally known as 229 Lexington Road, Waterloo, Ontario (the "**Property**").
- 5. A portion of the Property is vacant land, the remaining land contains an operating nursing home known as the Pinehaven Nursing Home ("**Pinehaven**"). Deem Management's business involves the collection of rent from Pinehaven. Pinehaven is operated by an unrelated third party nursing home business.
- 6. The Uptown operates a presentation centre located on the Property and is engaged in planning related to the redevelopment of the Property as a seniors retirement residence project called the Uptown Residences (the "**Project**"). There is currently no active construction or development work on the Project. The work done to date has primarily

been in the nature of obtaining approvals relative to Phase 1 of the project, and the excavation and installation of caissons necessary for that part of the development. There is consequently a large hole next door to the Pinehaven home at present.

7. Both Deem Management and the Uptown are owned by Rob Dal Bianco (“**Rob**”), who is the sole director of the Companies, and the son of Donald.
8. Maxion Management Services Inc. (“**Maxion**”) is the general contractor on the Project. The Receiver understands that Maxion is owned by Paul Michelin (“**Michelin**”). The Receiver was also advised by counsel for Michelin and Maxion that its clients assert a joint venture ownership claim, is a shareholder in Uptown, and therefor have a beneficiary interest in the Project.
9. The Receiver understands that Maxion was advised to cease construction by Rob in the early winter of 2018. Shortly after construction ceased, various service providers registered construction liens against title to the Property commencing on March 7, 2018 totalling \$7,673,672.48.
10. In addition to the amounts claimed by the construction lien claimants, the Application Record dated May 30, 2018, outlined various mortgages and loans registered against title to the Property which exceed \$20 million.

EARLY MARKETING OF THE PROJECT AND THE PROPERTY

11. Prior to the appointment of the Receiver, the Receiver understands that Maxion held discussions with the C&W Seniors Housing Group in March to assist with arranging an equal equity partner for the Project, in order for construction to continue. Over the course of this engagement C&W presented the Project to various parties in the nursing home industry as operators, lenders, and developers. C&W ceased their efforts at the end of March, and was not successful in locating an interested equal equity partner.
12. The C&W Seniors Housing Group was later approached at the end of March by Deem to locate a purchaser to sell its interest in the Property and the Project. The Receiver was advised by C&W that although it did not enter into a formal listing agreement with Deem

until April 24th, 2018 (the “**Listing**”), it began softly marketing the Project and the Property in early April.

13. The C&W Seniors Housing Group is in a unique position to market and advertise the Property and the Project, as they appear to be one of the few brokerage houses in Canada that has a department established for the needs of the seniors industry. In establishing this group the Receiver understands that C&W has developed a proprietary data base of over 100 stakeholders in the seniors housing industry in Canada that are existing operators, developers, and lenders (the “**C&W Database**”). Prior to the Listing being finalized, the Receiver was advised that C&W received a Letter of Interest (“**LOI**”) from an interested party, but the terms and conditions were not acceptable to Deem and were not signed back.

POST-LISTING MARKETING EFFORTS OF C&W

14. The Receiver has held a series of meetings with C&W to review the marketing efforts carried out to date since the Listing. C&W advised the Receiver that its strategy was to exhaustively canvass the senior housing community by targeting the existing operators, builders, institutional capital and private equity groups that are on the C&W Database, and to utilize other divisions and offices of C&W to assist in the marketing.
15. A summary of the sales and marketing efforts undertaken by C&W is set out below:
 - i. C&W created its own Confidential Information Memorandum (“**CIM**”) and broker blast (the “**Broker Blast**”);
 - ii. The CIM was distributed to the C&W Database and over 70 direct calls were made to introduce the opportunity;
 - iii. C&W initiated internal marketing involving staff from C&W’s Waterloo and Vancouver offices;
 - iv. The CIM and Broker Blast were circulated to C&W’s U.S. Healthcare Practice Group;

- v. C&W had agreed to cooperate with other brokers on the listing, the Broker Blast was circulated to approximately 938 brokers;
- vi. The CIM was circulated to approximately 46 retirement home developers that were not previously contacted directly by C&W;
- vii. The opportunity was marketed through C&W's investor data base which contains over 5,000 parties;
- viii. C&W established and maintained an online data room (the "**Data Room**"), where interested parties could remotely complete their due diligence upon execution of a Non-Disclosure Agreement. The Receiver was advised that the materials in the Data Room include architectural drawings, an appraisal report of Phase One of the Project, building permits, site plan agreements, zoning bylaws, confirmation of fees paid to the City of Waterloo, and environmental and feasibility reports. The Receiver was granted access to review the Data Room;
- ix. C&W advised the Receiver that presently they have provided 23 companies and 29 individuals with access to the Data Room;
- x. The opportunity to purchase the Property is posted on C&W's website;
- xi. C&W placed advertisements in the national edition of the Globe & Mail to appear on June 5th and June 7th;
- xii. C&W toured 4 separate groups through the Property; and
- xiii. C&W has established and marketed a due date for offers of June 12, 2018, at 3:00pm (the "**Due Date**").

Copies of the CIM, the Broker Blast and the responses from the C&W Data Base are attached hereto as **Confidential Appendix "1"**, **Appendix "B"**, and **Confidential Appendix "2"**.

INITIAL FEEDBACK TO THE PROPERTY

16. C&W advised the Receiver that there are some unique factors in marketing the Project. These related to the amount of value that potential purchasers may recognize for the work in place, the scope of the Project, and the location and zoning restrictions.

Work in Place

17. Included in the CIM, is a break-down of the costs associated with the Project and total work in place. To date, approximately \$6.7 million has been spent on construction hard costs, approximately \$7.6 million has been spent on construction soft costs, approximately \$1.7 million has been spent on development management fees, and approximately \$3.6 million has been paid for development charges, permits and fees to the City of Waterloo, for a total of approximately \$19.7 million (the “**Project Costs**”). C&W advised the Receiver that the parties they have marketed the Project to have ascribed varying value to the Project Costs. Details of the Project Costs are attached hereto as **Confidential Appendix “3”**.

Scope of the Project

18. The Project calls for three separate phases of development. Phase One is a six storey building that calls for 95 senior’s apartments and 95 assisted living suites with 35,000 sq. feet of underground parking. Phase One is approved by the City of Waterloo, construction of Phase One had commenced with the excavation work being completed. Phase Two calls for an eight storey building with an additional 140 units. Phase Three calls for a second eight storey building with 173 units and 6,000 square feet available for commercial/retail space. C&W advised the Receiver that the parties they have marketed the Project to have expressed varying views on the value of the three phases of proposed development.

Location and Zoning Restrictions

19. The Property is situated in the Colonial Acres neighborhood of Waterloo, an area that currently has a small amount of retirement residences, but is one of the oldest and most desirable parts of the city, but with less exposure to retail and amenities within walking distance at present. The current zoning of the Property is site specific to redeveloping a

retirement residence. The Property is on hi-density zoned land, with a requirement to be re-zoned if it is not going to be developed for seniors housing. A new site plan which does not include a retirement component will likely require a full zoning amendment, which can take over a year and further delay any development. C&W has advised the Receiver that these issues militate against a purchaser contemplating a development of multi-units for students and families.

RECCOMENDATION OF C&W

20. C&W has advised the Receiver that despite the unique factors in marketing the Property and the Project, there are groups that have been contacted in the existing C&W marketing efforts and who recognize the opportunity to purchase zoned retirement land, with a site plan, building permit, work in place, and significant development fees paid to the City of Waterloo. There is also potential flexibility for a group to modify the plans for Phase 2 and Phase 3 to include multi-unit or commercial space, if re-zoned with the city.
21. Over the series of meetings and discussions with C&W, the Receiver was advised that C&W believes that the highest sale price for the Property and the Project will come from a group that is in the senior care industry, shares the vision of Phase 1, are willing to take Phase 1 as is, and be able to justify some of the Project Costs in an offer to purchase. C&W advised the Receiver that they have had discussions with potential purchasers that meet this criteria.

RECEIVER'S REVIEW OF THE SALES PROCESS

22. The Receiver is cognizant that the Property and the Project are nuanced assets, with a smaller list of potential purchasers than other properties available for sale in Ontario. The Receiver has reviewed in detail the marketing efforts of C&W to date, and is satisfied that they have done a significant amount of work to properly expose the Property and the Project to prospective purchasers, both prior to, and after the Listing was finalized. The Receiver acknowledges that the C&W Senior's Housing Group is in a unique position to continue to market the Property and the Project, due to their expertise in this area, their

extensive knowledge of the Property and the Project, and the market momentum they have acquired since the Listing was finalized.

RECEIVER'S RECCOMENDED SALES PROCESS

23. The Receiver believes that the sales process undertaken by C&W to-date is a worthwhile contribution to realization efforts for the Property and that, with amendment, the Receiver should continue. C&W appears well placed to market the Property to its list of contacts, and the amount of interest generated in a unique asset over the relatively short (since April 24) listing period corroborate that.
24. As C&W has previously advertised the Due Date in its marketing materials, and all potential purchasers are aware of that timeline, C&W should continue to market the Due Date, but should advise parties that offers should be in the form of a non-binding LOI.
25. Due to the nature of the Companies' assets, and the efforts of C&W to date, the Receiver is recommending a two phase sales process which would require interested parties to submit their non-binding LOI's to C&W on the Due Date.
26. In Phase 2 of the proposed process, the Receiver will contact all parties that have submitted an LOI and engage with one or more parties it feels have submitted appropriate offers, and work with them to finalize an offer, in the proper form, it intends to recommend for Court Approval. The Receiver will not accept an offer or recommend it to the Court without either the approval of Institutional Mortgage Capital Canada Inc. and the Applicant or further Order.
27. While Phase 2 takes place, in order to ensure that market exposure for the Property is maximized, C&W will continue to market the Project and the Property for sale, including a listing on MLS, and via the C&W network.
28. During Phase 2 the Receiver will continue to accept expressions of interest prior to finalizing an agreement with the proposed purchaser that the Receiver intends to recommend to the Court, subject to any exclusivity that the Receiver may choose to grant to a proposed purchaser in order to further negotiations. Further marketing efforts will

indicate that LOI's are due on June 12, 2018 or as soon as possible after that time, and that the seller may deal with any potential purchasers at its discretion starting on that date.

29. The primary purpose of this receivership proceeding is to market and sell the Companies' assets in connection with the Property in order to maximize recoveries for all economic stakeholders. The Receiver is of the view that the timeframe is commercially reasonable given the nature of the asset, the marketing efforts done by C&W, and the market of potential purchasers.

RECEIVER'S ACTIVITIES

30. The following is a summary of the Receiver's activities from the date of its appointment:
- a) Shortly following its appointment, the Receiver attended at the Property and the showroom of The Uptown to review and inspect the premises.
 - b) The Receiver attended at Pinehaven to advise of the proceeding and their involvement.
 - c) The Receiver met with staff of Deem Management in order to collect the monthly rental payments from Pinehaven for the balance of 2018. The Receiver has opened its own trust account for this proceeding.
 - d) The Receiver held a series of calls and meetings with C&W Senior's Housing Group to understand the sales process carried out to date.
 - e) The Receiver received certain of the Companies available books and records.
 - f) The Receiver has dedicated a portion of its website to advise stakeholders of this proceeding.
 - g) Drafted the First Report to the Court.

RECEIVER'S REQUEST FOR APPROVAL

31. We submit this First Report to this Honourable Court in support of our Motion respectfully requesting this Honourable Court to:
- a) Approve this First Report, and the activities and actions of the Receiver described herein;
 - b) Approve the Sales Process;

All of which is respectfully submitted this 8th day of June 2018

**Crowe Soberman Inc.
in its capacity as Court-appointed
Receiver of Deem Management Services Limited
and The Uptown Inc., and not in its personal capacity**

A handwritten signature in cursive script, appearing to read "H. B. Rizarri", with a long horizontal stroke extending to the right.

for

Per: Hans Rizarri CPA, CA, CIRP

APPENDIX “C”

File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

**SECOND REPORT OF CROWE SOBERMAN INC. in its capacity as Court-
appointed Receiver of DEEM MANAGEMENT SERVICES LIMITED
and THE UPTOWN INC.**

DATED JULY 9, 2018

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APPENDICES

Appendix A- Receivership Order of Justice Wilton- Siegel– May, 31, 2018

Appendix B- First Report of the Receiver- June 8, 2018 (without appendices)

Appendix C- Court Order- June 11, 2018 and endorsement

Appendix D- Receiver Certificates 1 & 2

Appendix E- MLS listing and newspaper advertisements

Confidential Appendix 1 – C&W listing of parties contacted

Confidential Appendix 2- First Offer Summary

Confidential Appendix 3- Late submitted LOI

Confidential Appendix 4- Second Offer Summary

Appendix F- June 22nd Correspondence

Confidential Appendix 5 – Receiver’s analysis of the two forms of agreement

Appendix G- Redacted APS

Confidential Appendix 6- Unredacted APS

Confidential Appendix 7- Phase I Appraisal

Confidential Appendix 8- Land Appraisal

Appendix H- Parcel Register- July 9, 2018

Appendix I- PPSA- Deem Management- July 9, 2018

Appendix J- PPSA- The Uptown- July 9, 2018

File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT* AND SECTION 101 OF THE COURTS OF JUSTICE ACT

SECOND REPORT OF THE RECEIVER

JULY 9, 2018

INTRODUCTION

1. On May 31, 2018, pursuant to an order of the Honourable Mr. Justice Wilton-Siegel, made on an application by Donald Dal Bianco (“**Donald**”), Crowe Soberman Inc. was appointed as Receiver (the “**Receiver**”) of (collectively the “**Property**”):
 - (i) the property known municipally as 215 and 219 Lexington Road, Waterloo, Ontario N2K 2E1 (the “**Real Property**”),
 - (ii) the assets and undertakings of Deem Management Services Limited (“**Deem Management**”) related to the Real Property, and
 - (iii) the property, assets and undertakings of the Uptown Inc. (the “**Uptown**”, together with Deem Management the “**Companies**”).
2. A copy of Justice Wilton-Siegel’s Order dated May 31, 2018 (the “**Receivership Order**”) is attached hereto as **Appendix “A”**.

3. The orders and reports referred to in this Second Report, together with related Court documents, are posted on the Receiver's website, which can be found at <https://crowesoberman.com/insolvency/engagements/deem-management-services-limited/>

PURPOSE

4. The Purpose of this report (the "**Second Report**") is to:
- a. Report to the Court on the results of the Sales Process (defined below) and activities leading to the receipt of an offer to purchase the Property;
 - b. Report to the Court on the activities of the Receiver since the date of the First Report;
 - c. Seek an order:
 - i. Approving the agreement of purchase and sale entered into between the Receiver and 10402672 Canada Inc. (the "**Purchaser**") dated July 4, 2018, as amended (the "**APS**"), in connection with the sale of the Property, together with any further minor amendments thereto deemed necessary, if any;
 - ii. Authorizing the Receiver to complete the transaction contemplated by the APS (the "**Transaction**");
 - iii. Vesting title to the Property in the Purchaser, or as it may further direct in writing, upon closing of the Transaction;
 - iv. Authorize the Receiver upon the closing of the Transaction to distribute net proceeds as follows:
 - A) set a reserve in connection with the potential construction lien holdback obligations of the Companies in the amount of \$1,000,000.00,
 - B) pay the amounts owing to Institutional Mortgage Capital Canada Inc. ("**IMC**") in respect of a mortgage registered on title to the Real Property,
 - C) upon receipt of an opinion from counsel for the Receiver confirming the validity and enforceability of the second ranking mortgage, pay the amounts

owing to Donald in respect of that mortgage registered on title to the Real Property; and

- D) retain all further proceeds pending further Order of the Court;
- v. Sealing the Confidential Appendices to the Second Report; and
- vi. Approving the Second Report and the Receiver's conduct and activities described therein.

TERMS OF REFERENCE

5. In developing this Report, the Receiver has relied upon certain unaudited financial information prepared by the Companies' management and staff, the Companies' books and records and discussions with their management, staff, agents and consultants, including C&W. The Receiver has not performed an audit or other verification of such information. The Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Receiver in preparing this Second Report.

BACKGROUND

6. The background to the Property is more fully set out in the First Report dated June 8, 2018 (the "**First Report**"), attached hereto without appendices as **Appendix "B"**. By way of overview:
 - a) Deem Management is a company that has been working for many decades in the Ontario nursing home and retirement home sector. It is the registered owner of the Real Property.
 - b) A portion of the Real Property is vacant land, the remaining land contains an operating nursing home known as the Pinehaven Nursing Home ("**Pinehaven**"). Deem Management's business involves the collection of rent from Pinehaven. Pinehaven is operated by an unrelated third party nursing home business.
 - c) The Uptown operates a presentation centre located on the Real Property and is engaged in planning related to the redevelopment of the Real Property as a seniors retirement residence project called the Uptown Residences (the "**Project**"). There is currently no active construction or development work on the Project. The work done to date has

- primarily been in the nature of obtaining approvals relative to Phase 1 of the project, and the excavation and installation of caissons necessary for that part of the development. There is consequently a large hole next door to the Pinehaven home at present.
- d) Both Deem Management and the Uptown are owned by Rob Dal Bianco (“**Rob**”), who is the sole director of the Companies, and the son of Donald.
 - e) Maxion Management Services Inc. (“**Maxion**”) is the general contractor on the Project. The Receiver understands that Maxion is owned by Paul Michelin (“**Michelin**”). The Receiver was also advised by counsel for Michelin and Maxion that its clients assert a joint venture ownership claim, is a shareholder in Uptown, and therefore have a beneficial interest in the Project.
 - f) The Receiver understands that Maxion was advised to cease construction by Rob in the early winter of 2018. Shortly after construction ceased, various service providers registered construction liens against title to the Property commencing on March 7, 2018 totalling \$7,673,672.48.
 - g) In addition to the amounts claimed by the construction lien claimants, the Application Record dated May 28, 2018, outlined various mortgages and loans registered against title to the Property which exceed \$20 million.
7. On June 8, 2018 the Receiver prepared and filed its First Report with the Court. The purpose of the First Report was to:
- a) provide the Court with an update of the actions and activities of the Receiver since its appointment, primarily as it related to the Receiver’s review and recommendations of the marketing and the sales process carried out to date; including the marketing efforts that had been carried out to that date by Cushman & Wakefield ULC (“**C&W**”) on behalf of Deem Management; and
 - b) support the Receiver’s motion for an order:
 - a. approving the Receiver’s proposed sale process (the “**Sales Process**”) of the Property as described in the First Report;
 - b. authorizing the Receiver to carry out the Sales Process and to take such steps and execute such documentation as may be necessary or incidental to the Sale Process;
 - c. approving the First Report and the activities of the Receiver described therein; and
 - d. sealing the Confidential Appendices 1, 2, and 3 to the First Report.

8. By Order of the Honourable Justice McEwen dated June 11, 2018 (the “**June 11th Order**”), the Sales Process, the First Report, activities of the Receiver, and request for sealing Confidential Appendices to the First Report, were all approved. A copy of the June 11th Order along with the relevant endorsement is attached hereto as **Appendix “C”**.

ACTIVITIES SINCE THE FIRST REPORT

9. Since the date of the First Report the Receiver has continued to consult with the materially affected stakeholders as it carried out the Sales Process. The following is a summary of the Receiver’s additional activities from the date of the First Report:
- a) Received the monthly rental payments from Pinehaven, which were used to pay the mortgage held by Donald;
 - b) Issued two Receiver’s Certificates of \$96,006.05 dated June 1, 2018 and \$93,394.75 dated July 3, 2018, collectively attached as **Appendix “D”**, for amounts received from Donald, which amounts were used to pay the monthly amounts due under the mortgage held by IMC;
 - c) Obtained certain books and records which relate to the Project from Maxion to assist in the due diligence requests of potential purchasers;
 - d) Held a series of discussions with the various insurance companies on the policies that are in place;
 - e) Conducted the Sales Process (as more particularly described below);
 - f) Instructed its counsel to prepare an opinion regarding the possible priority of lien claimants and regarding the validity of IMC’s mortgage security; and
 - g) Drafted the Second Report to Court.

SALES PROCESS

10. Pursuant to the June 11th Order, the Sales Process continued to be carried out by the Receiver with the involvement of, and alongside its listing agent, C&W. As outlined in the First Report, a substantial amount of marketing efforts had been carried out by C&W, both

before and after entering into the original Listing with Deem Management on April 24, 2018. The First Report detailed the marketing efforts of C&W in promoting the sale opportunity of the Project. A summary of the Sale Process undertaken since the date of the First Report is set out below:

- i. C&W advertised the Property for sale via MLS;
- ii. C&W continued to market the opportunity on its own website and internal marketing blasts;
- iii. C&W had advertised the Property and assets of the Companies for sale via the national edition of the Globe and Mail. The advertisements ran on June 5th and 7th, 2018;
- iv. Following the further marketing efforts carried out by C&W from the date of the First Report, both the Receiver and C&W were contacted by additional parties that were advised on how to participate in the Sale Process and were provided access to the C&W data room upon receipt of an executed non-disclosure agreement.

Copies of the MLS listing and the Newspaper Advertisements are collectively attached hereto as **Appendix “E”**.

11. C&W has maintained an internal list of the potential purchasers that it has contacted throughout its engagements (both on behalf of Deem Management and subsequently on behalf of the Receiver) along with notations about the level of interest and feedback received, a copy of which is attached hereto as **Confidential Appendix “1”**.
12. As a result, throughout the time that C&W has been marketing the Property on behalf of Deem Management and subsequently on behalf of the Receiver there have been 26 interested parties who have executed non-disclosure agreements and have accessed the data room operated by C&W.

Offers Received on the Due Date

13. C&W had previously advertised that the due date for offers was June 12, 2018. As part of the Sales Process, the Receiver instructed that offers were requested on that date in the form of a non-binding letter of intent (“**LOI**”).
14. The Receiver received three offers via non-binding LOI’s on June 12, 2018. These offers are summarized in an Offer Summary which was prepared by C&W (the “**First Offer Summary**”), and is attached hereto as **Confidential Appendix “2”**.
15. As directed in the Receivership Order and in the Sales Process, the First Offer Summary was reviewed with counsel for IMC and Donald for their comments and to discuss the Receiver’s proposed next steps.
16. On June 13, 2018, subsequent to the preparation of the First Offer Summary, and after the due date for LOI’s, a further non-binding LOI was submitted which was also presented and discussed with the same parties. The Receiver decided to accept this LOI and to include that bidder in the further development of the Sales Process. A copy of this further LOI is attached hereto as **Confidential Appendix “3”**, because it is not discussed in the First Offer Summary.

Second Round of Bidding

17. In view of the strong expressions of interest received, and following discussions with C&W, and counsel for IMC and Donald, the Receiver concluded that it was appropriate to attempt to solicit a binding agreement to purchase from the existing interested parties.
18. The Receiver accordingly proposed a second round of bidding where all four parties that submitted non-binding LOI’s would be asked to resubmit their offers in the form of a binding LOI on or before June 19, 2018 (the “**Second Round Deadline**”). Instructions and guidance were communicated by C&W to all parties that their offer should:
 - Submit the highest and best price;
 - Reduce due diligence conditions and timing to a minimum;

- Provide a considerable deposit that is reflective of the price; and
 - Provide evidence of ability to close.
19. Only one party did not continue with the process outlined for the Second Round Deadline. The three offers submitted for the Second Round Deadline are summarized in a further Offer Summary which was prepared by C&W (the “**Second Offer Summary**”), and is attached hereto as **Confidential Appendix “4”**.
20. The Second Offer Summary from the Second Round Deadline was reviewed with counsel for IMC and Donald, for their comments and to discuss the Receiver’s proposed next steps.

Submission of Form of Offer

21. Following further discussions with C&W, and counsel for IMC and Donald, the Receiver was of the view that two of the potential transactions represented by the second round of LOI’s could be recommended to the stakeholders and the Court.
22. Given the two possible transactions, counsel for the Receiver wrote to those parties on June 22, 2018 (the “**June 22nd Correspondence**”), where it advised that the Receiver wanted to ascertain with each potential purchaser what were the full terms of a proposed agreement of purchase and sale, in order to determine the preferred transaction. The bidders were advised that the Receiver’s form of offer would be circulated on or before June 25th, and requested it be returned by June 27th with their comments, in order to have the form of offers completed on June 29th to review and compare. A copy of the June 22nd Correspondence sent to each of the selected bidders with redaction for identifying information is attached hereto as **Appendix “F”**.
23. The two bidders that were sent the form of offer and the June 22nd correspondence submitted their terms of a proposed agreement of purchase and sale to the Receiver. Each of the two proposed agreements of purchase and sale contained due diligence conditions in favour of the proposed purchaser. The Receiver understands that this was the result of the marketing of the Property based on value behind the proposed Project and development in process, which led bidders to wish to satisfy themselves as to the ability to continue with the Project (or parts of it), and that bidders were not prepared to devote the time and

expense (including for external consultants and experts) required for such review without an agreement in hand. The Receiver believes that the marketing of the Property solely based on land value alone would have yielded a lower amount for stakeholders, and therefore that the drawback of a conditional period in each potential transaction was offset by the benefit of the higher potential purchase prices.

24. The Receiver reviewed the terms of each offer with its counsel, and on July 2, 2018 identified the Purchaser as the party that had submitted the superior proposed transaction having regard to the combination of purchase price and limitation of due diligence terms and timeframe.
25. A synopsis of the Receiver's analysis and conclusions regarding the two forms of agreement received is attached hereto as **Confidential Appendix "5"**.
26. The Receiver and its counsel worked with the Purchaser and its counsel between July 2 and 4, 2018 to attempt to narrow and define the due diligence conditions in favour of the Purchaser in the APS.
27. On July 4, 2018, following agreement on the due diligence conditions, the Receiver entered into the APS with the Purchaser. A copy of the executed APS with redaction for the purchase price is attached hereto as **Appendix "G"**, and is attached hereto in full form as **Confidential Appendix "6"**.

THE RECOMMENDED TRANSACTION

28. The Receiver has entered into the APS with the Purchaser, subject to the approval of the Court, for the purchase and sale of the Property. Certain key elements of the APS are summarized below:

Purchase Price:

- The entire portion of the purchase price is on a cash basis (including a \$1,000,000.00 deposit, which has already been paid to counsel for the Receiver) and is payable on closing.
- Upon waiver of due diligence conditions in favour of the Purchaser, a further deposit of \$3,000,000.00 is due.

Conditions:

- The APS is also conditional in favour of the Purchaser for a 30 day due diligence period following July 4, 2018 for the matters referred in section 6.5 of the APS, being (i) a survey review, (ii) construction site inspection, (iii) environmental review, (iv) design review and review of the ownership and use of existing drawings and specification, (v) review of permit matters, (vi) review of title matters, (vii) review of matters requiring third party consents such as required to continue with construction of the Project, and (viii) review of the leasing arrangements with Pinehaven.
- The Purchaser is obliged to complete the Transaction if the results of its due diligence do not result in further projected costs of more than \$500,000 (called the Materiality Threshold), which cannot include the first \$200,000 of any environmental remediation costs. If the Purchaser claims projected costs of more than the Materiality Threshold, the Receiver may (a) request further documentation, (b) object to such claims, or (c) attempt to negotiate a proposed price adjustment in (called the Diligence Price Adjustment) order to complete the Transaction.
- Disputes regarding whether the Materiality Threshold has been met or the amount of the projected costs shall be submitted to the Court.
- The Receiver may seek Court approval for any Diligence Price Adjustment, and if such approval is not given then the Purchaser shall either terminate the Transaction or complete it without abatement.

Purchased Assets:

- All the Property is being acquired, being the Real Property, all the assets of Uptown, and all of the assets of Deem Management related to the Real Property.
29. In compliance with the Sale Process, following the completion of a due diligence period and the waiving of conditions, the only material condition of the APS is that the Receiver obtain Court approval of the Transaction, and an Approval and Vesting Order (as defined in the APS).
30. Pursuant to the APS, the closing of the Transaction is to occur on a date to be agreed to in writing that is no later than ten days after the Approval and Vesting Order. Given that approval for the Transaction is being sought while the 30 day due diligence period is running, closing will take place as soon as possible after waiver of conditions, unless a Diligence Price Adjustment is sought in which case further approval from the Court will be sought by the Receiver and closing would then be 10 days after such further approval.

APPROVAL OF SALE

31. The Receiver believes that the Sales Process undertaken by the Receiver was appropriate for the type of property in question, used the market momentum generated by C&W in their marketing efforts prior to the granting of the Receivership Order, provided sufficient market exposure to the Property and the Project, and resulted in the Receiver obtaining a commercially reasonable offer for the Project and the assets of the Companies for the following reasons:
- i. The Project was listed for sale via MLS;
 - ii. The Project was advertised for sale in the Globe and Mail;
 - iii. The Project was listed for sale on C&W's website;
 - iv. The Project was marketed by C&W to the C&W Database, investor data base, and commercial brokers list of over 900 brokers;

- v. The Data Room was accessed by 45 people on behalf of 26 interested parties;
 - vi. The Project was exposed to the market by C&W for a period of ten weeks prior to the acceptance of the APS by the Receiver;
 - vii. The Sales Process was carried out as described in the First Report and in accordance with the June 11th Order;
 - viii. the Receiver's use of second round bidding and competing forms of agreements of purchase and sale resulted in a competitive bid process with four initial bidders and three second round bidders, leading to two proposed transactions;
 - ix. Out of the LOI's and offers received, the Transaction provides for the highest overall realization to the creditors of the Companies at the close of the Transaction;
 - x. The Transaction provides for a closing which is anticipated to take place before September 1, 2018, which will in turn reduce the Receiver's requirement for funding from Donald to service the mortgage of IMC. The Receiver does not have sufficient funds to fund this obligation, and has no commitment for such funding from any party.
32. The Receiver principally relies upon the market exposure in the Sales Process to conclude that the sale price in the Transaction is reasonable.
33. While the Receiver is aware of two appraisals obtained prior to its appointment, the Receiver believes that the utility of such appraisals is limited, because they are either on the basis of vacant land or on the basis that Phase I of the Project was fully completed. In case they are of assistance to the Court, the as fully completed appraisal was commissioned by the Uptown from CBRE and was dated May 1, 2017 (the "**Phase I Appraisal**") and is attached hereto as **Confidential Appendix "7"**, and the vacant land appraisal was commissioned by The Maxion **Group** from Colliers and was dated February 27, 2017 and is attached hereto as **Confidential Appendix "8"**.
34. For the reasons noted above, the Receiver recommends the approval by this Honourable Court of the APS. In reaching its recommendation in this regard, the Receiver believes that further marketing of the Project will not result in a better offer.

35. The Receiver has consulted with IMC, the applicant Donald Dal Bianco and his counsel in carrying out its duties in relation to the Sales Process, as contemplated in paragraph 3(j) of the Receivership Order. The Receiver has been advised that those parties support the Transaction.
36. An updated parcel register for the Real Property that is subject to the Transaction is attached hereto as **Appendix “H”**.
37. Updated PPSA searches for Deem Management and Uptown are attached hereto as **Appendices “I” and “J”**.
38. The Receiver has been advised by management of Deem Management that most of the PPSA registrations against that company relate to assets and properties that do not relate to the Real Property and are instead at other locations. All but one (by National Leasing Group Inc.) of the PPSA registrations other than by IMC and Dal Bianco reflect this in their terms. Out of an abundance of caution the Receiver is serving National Leasing Group Inc. with this motion.

DISTRIBUTION OF NET PROCEEDS

39. In anticipation of the closing of the Transaction, the Receiver has reviewed the possible distribution issues.
40. The Receiver has sought and obtained opinions from its counsel regarding (i) the validity of the IMC mortgage and (ii) the possible priority of the lien claims to the registrations on title to the Real Property.
41. Subject to the normal assumptions and qualifications, the Receiver’s counsel has concluded that the mortgage in favour of IMC on the Real Property is valid and enforceable against the estate of Deem Management. The face value of that mortgage is \$8,255,000.00, to which some costs are expected.

42. Insofar as lien priority is concerned, counsel for the Receiver has provided an opinion that any holdback obligations in favour of lien claimants are likely to rank in priority to the mortgage granted to IMC (and therefore in priority to the 2015 and 2017 mortgages in favour of Donald, which are later in terms of registration than that of IMC for the 2017 mortgage or are expressly subordinate to that of IMC for the 2015 mortgage).
43. Given that holdback obligations of Deem Management as owner of the Real Property to the lien claimants have not yet been quantified, the Receiver has approached the possible liability in that regard conservatively. The Receiver has considered that there are lien claims totalling \$7,673,672.48, and that therefore the maximum holdback obligations pursuant to section 22 of the *Construction Act* are 10% of that amount. The Receiver believes that the lien claim of Maxion as general contractor may include one or more of the amounts claimed by the other lien claimants as its subcontractors, but at present no reduction in the possible holdback is being considered on that basis. As a result the possible maximum holdback obligation would be approximately \$767,367.25.
44. The Receiver accordingly proposes to set a reserve of \$1,000,000 against the net proceeds of sale for possible holdback obligations of Deem Management to the lien claimants, pending further review of those claims and further Court order.
45. After the establishment of that holdback reserve, the Receiver proposes to repay the indebtedness owing to IMC, subject to the Receiver's review and approval of IMC's payout statement and costs claimed.
46. The Receiver also understands from discussion with stakeholders that there is no challenge to the validity of the second ranking mortgage (the "**Dal Bianco Second Mortgage**") in the amount of \$4,517,511.41 granted by Deem Management to Donald on June 26, 2015 and registered as instrument no. WR888817 (as amended by instrument no. WR1030186 on May 8, 2017 to extend the term to March 1, 2019).
47. The Receiver has not yet obtained an opinion from its counsel as to the validity and enforceability of the Dal Bianco Second Mortgage, but upon getting one the Receiver also proposes to pay the amount secured by that mortgage, subject to the Receiver's review and approval of the payout statement and costs claimed.

48. The Receiver believes that distributing the net proceeds that are anticipated from the Transaction as soon as possible is worthwhile to ensure that the interests of stakeholders subordinate to the IMC mortgage and the Dal Bianco Second Mortgage are not eroded through the accumulation of interest.

SEALING ORDER

49. The Receiver believes that the Confidential Appendices to this Second Report, including the offers for the Project, the appraisals, and the unredacted APS, should be kept confidential until the closing of the Transaction. The Receiver is of the view that public disclosure of the offers received for the Project, the purchase price set out in the APS, and the information obtained in respect of the Project, would have a negative impact on the future marketing of the Project should the Transaction not be approved or completed. The Receiver respectfully requests that the Confidential Appendices be sealed until after the Transaction closes as indicated by the filing of a Receiver's Certificate, or as may be further ordered by the Court.

RECEIVER'S REQUEST FOR APPROVAL

50. The Receiver respectfully requests that this Honourable Court grant the relief requested in paragraph 4 above

All of which is respectfully submitted this 9th day of July, 2018

Crowe Soberman Inc.
in its capacity as Court-appointed
Receiver of Deem Management Services Limited
and The Uptown Inc., and not in its personal capacity



for

Per: Hans Rizarri CPA, CA, CIRP

APPENDIX “D”

File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

**SUPPLEMENTARY REPORT TO THE SECOND REPORT OF CROWE
SOBERMAN INC. in its capacity as Court-appointed Receiver of DEEM
MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.**

DATED AUGUST 13, 2018

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APPENDICES

Appendix A- Approval and Vesting Order dated July 17, 2018

Appendix B- Endorsement dated July 17, 2018

Appendix C- Order dated July 17, 2018

Appendix D- IMC letter regarding advances

Appendix E- Dal Bianco email regarding advances

Appendix F- Deep Foundations letter regarding time of work and holdback

Appendix G- OneSpace letter regarding time of work and holdback

Appendix H- EXP Services letter regarding time of work and holdback

Appendix I- Kieswetter letter regarding time of work and holdback

Appendix J- Maxion correspondence regarding time of work and holdback

Appendix K – Section 78 of the *Construction Act*

File No. CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondent

APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT* AND SECTION 101 OF THE COURTS OF JUSTICE ACT

**SUPPLEMENTARY REPORT TO THE
SECOND REPORT OF THE RECEIVER**

AUGUST 13, 2018

INTRODUCTION

1. On May 31, 2018, pursuant to an order of the Honourable Mr. Justice Wilton-Siegel, made on an application by Donald Dal Bianco (“**Dal Bianco**”), Crowe Soberman Inc. was appointed as Receiver (the “**Receiver**”) of (collectively the “**Property**”):
 - (i) the property known municipally as 215 and 219 Lexington Road, Waterloo, Ontario N2K 2E1 (the “**Real Property**”),
 - (ii) the assets and undertakings of Deem Management Services Limited (“**Deem Management**”) related to the Real Property, and
 - (iii) the property, assets and undertakings of the Uptown Inc. (the “**Uptown**”, together with Deem Management the “**Companies**”).

2. The orders and reports referred to in this Supplementary Report to the Second Report, together with related Court documents, are posted on the Receiver's website, which can be found at <https://crowesoberman.com/insolvency/engagements/deem-management-services-limited/>

PURPOSE

3. The purpose of this report (the "**Supplementary Report**") is to provide further information and recommendations in connection with distribution relief that the Receiver had sought in its motion returnable on July 17, 2018, but which was adjourned.
4. The Receiver has previously served its Second Report dated July 9, 2018 (the "**Second Report**") in support of a motion to:
 - a) approve an agreement of purchase and sale between the Receiver and 10402672 Canada Inc. (the "**Purchaser**") dated July 4, 2018, as amended, in connection with the sale of the Property; and
 - b) authorize the Receiver to distribute part of net proceeds from the transaction with the Purchaser to pay the amounts owing to the first and second mortgagees of the Real Property, being Institutional Mortgage Capital Canada Inc. ("**IMC**") and Dal Bianco, subject to a \$1,000,000.00 reserve for potential construction lien holdback obligations of the Companies.
5. There was no objection to the approval of the transaction with the Purchaser, and Mr. Justice McEwen accordingly issued an approval and vesting order dated July 17, 2018, a copy of which is attached as **Appendix "A"**, and the associated endorsement is attached as **Appendix "B"** along with a typewritten transcription.
6. Some of the construction lien claimants raised concerns on that motion about the proposed distributions, including whether the holdback obligations of the Companies might be more than \$1,000,000.00 and whether the repayment of the first and second mortgages might be limited by the *Construction Act*.

7. The Receiver accordingly adjourned the distribution part of its motion to August 14, 2018 in order to gather more information and to consult with stakeholders. Mr. Justice McEwen also made an order on that issue, a copy of which is attached as **Appendix “C”**.

TERMS OF REFERENCE

8. In developing this Supplementary Report, the Receiver has relied upon certain unaudited financial information prepared by the Companies’ management and staff, the Companies’ books and records and discussions with their management, staff, agents and consultants. The Receiver has not performed an audit or other verification of such information. The Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Receiver in preparing this Second Report.

BACKGROUND

9. The background to the Property is more fully set out in the First Report dated June 8, 2018, which was attached without appendices as Appendix “B” to the Second Report. For convenience for the review of the mortgagee and construction lien issues in this Supplementary Report, the following is a synopsis of the background:
 - a) Deem Management is a company that has been working for many decades in the Ontario nursing home and retirement home sector. It is the registered owner of the Real Property.
 - b) The Uptown operates a presentation centre located on the Real Property and is engaged in planning related to the redevelopment of the Real Property as a seniors retirement residence project called the Uptown Residences (the “**Project**”). There is currently no active construction or development work on the Project. The work done to date has primarily been in the nature of obtaining approvals relative to Phase 1 of the project, and the excavation and installation of caissons necessary for that part of the development. There is consequently a large hole next door to the Pinehaven home at present.
 - c) A portion of the Real Property is vacant land where the Project has started. The remaining land contains an operating nursing home known as the Pinehaven Nursing

Home (“**Pinehaven**”), which is an unrelated third party nursing business. Part of Deem Management’s business involves the collection of rent from Pinehaven.

- d) Both Deem Management and the Uptown are owned by Rob Dal Bianco (“**Rob**”), who is the sole director of the Companies, and the son of Dal Bianco.
- e) Maxion Management Services Inc. (“**Maxion**”) is the general contractor on the Project. The Receiver understands that Maxion is owned by Paul Michelin. The Receiver was also advised by counsel for Michelin and Maxion that its clients assert a joint venture ownership claim, is a shareholder in Uptown, and therefore have a beneficial interest in the Project.
- f) The Receiver understands that Maxion was advised to cease construction by Rob in the early winter of 2018. Shortly after construction ceased, various service providers registered construction liens against title to the Property commencing on March 7, 2018 totalling \$7,673,672.48.
- g) In addition to the amounts claimed by the construction lien claimants, the Application Record dated May 28, 2018, outlined various mortgages and loans registered against title to the Property which exceed \$20 million.

ACTIVITIES SINCE THE JULY 17, 2018 MOTION

- 10. Other than regarding the mortgagee and construction lien priorities issues, in the interests of brevity the Receiver will only report briefly regarding its activities insofar as they relate to those issues. The Receiver will report more fully on its activities in a further motion to the Court.

The transaction with the Purchaser

- 11. The transaction with the Purchaser was subject to a due diligence condition. The Receiver has responded to due diligence requests from the Purchaser and has reviewed issues and information as necessary for those requests.
- 12. The culmination of the due diligence process has, as contemplated in the agreement of purchase and sale with the Purchaser and noted in the Second Report, culminated in a notice by the Purchaser to the Receiver of claimed costs that would reduce the purchase price. The Receiver is in discussions with the Purchaser regarding the validity of those claimed

reductions and whether a reduction in the purchase price can be agreed upon by the Receiver.

Collection of information from mortgagees and lien claimants

13. As contemplated in the schedule attached to the July 17, 2018 Order of Justice McEwen, the Receiver has been provided with further information regarding mortgagee and lien claimant priority issues and has where appropriate engaged in consultations with the parties on those issues.
14. IMC and Dal Bianco have provided information regarding the advances made under the first and second mortgages, as follows:

	Date of Registration	Date and nature of advances
IMC, attached as Appendix “D”	May 9, 2017	Fully advanced \$8,255,000.00 on May 9, 2017. Of that, \$2,020,179.32 was retained as reserves, being: a) \$135,000 for future realty taxes, of which \$37,556 remains, b) \$377,670 as an interest reserve, which was depleted as of December 1, 2017, and c) \$1,507,509.32 for construction costs to be incurred by Deem, which was depleted as of October 2, 2017.
Dal Bianco attached as Appendix “E”	June 25, 2015 (postponed to IMC)	Fully advanced June 1, 2015 to repay a prior mortgage to Montrose Mortgage Corporation.

15. The construction lien claimants have also provided information regarding the time when they say that the first work was done on the Project (for purposes of establishing the date when the first lien arose under the *Construction Act*) as well as what they say the amount

of progress on the Project has been (for purposes of estimating holdback under that Act):
as follows:

	Date of first work	Amount of progress or holdback
Deep Foundations Contractors Inc., attached as Appendix “F”	July 11, 2017, but it was not the first trade to work on the Project.	For its work, holdback is \$144,555.74.
OneSpace Unlimited Inc. attached as Appendix “G”	First in December of 2011. Work resumed on June 23, 2018.	For its work, holdback is \$6,858.00
EXP Services Inc., attached as Appendix “H”	November 18, 2015 for engineering services	Its progress is \$336,654.12, but Maxion has claimed holdback of \$2,377,918.60.
Kieswetter Excavating Inc., attached as Appendix “I”	May 11, 2017	It believes that total holdback would be approximately \$450,000.00.
Maxion, attached as Appendix “J”	January or February of 2010	\$23,559,041.73 (which is Maxion’s claimed amount of \$23,779,186.01 less an admitted reduction of \$220,144.28)

RECEIVER’S REVIEW OF MORTGAGEE AND LIEN CLAIMANT PRIORTIY ISSUES

16. The priority issues as between the first and second mortgage on the one hand, and the lien claimants on the other, is governed by section 78 of the *Construction Act*. A synopsis of those distinctions is as follows:

Type of mortgage	Effect on priority
Construction mortgage	s. 78(2) – priority for lien claimants for deficiency in holdback
Capital mortgage registered and advanced before first work	s. 78(3) – priority for mortgagee for the lesser of the advances made or the value of the land when the first lien arose

Capital mortgage registered before first work, but subsequent advances	s. 78(4) – priority for subsequent advances unless a lien registered or the mortgagee had notice of a lien
Capital mortgage registered after first work	s. 78(5) - priority for lien claimants for deficiency in holdback
	s 78(6) – loss of priority if advances made when a lien registered or the mortgagee had notice of a lien

17. A copy of section 78 of the *Construction Act* is attached as **Appendix “K”**.

Factual matters

18. The timing of when the first lien arose is unclear, but is at least late 2015 if not earlier. This is because:
- a) Maxion contends it was 2010, but the facts are not necessarily clear that it was the same improvement, or that there may not have been enough stopping and starting such that first work on the project that actually proceeded may not have been later.
 - b) EXP Services has indicated that it was doing lienable engineering work in the Fall of 2015 and a variety of other consultants’ reports were dated at that time and earlier.
 - c) While it may seem at first blush that the first work was May of 2017, that was instead just when the first “shovel in the ground” type work was done by trades such as Kieswetter and Deep Foundations.
19. The quantum of holdback is unclear. This is because:
- a) Maxion contends that nearly all of its c. \$23 million of costs that it circulated earlier are lienable services (it appears to agree that the legal fees of \$220,144.28 are not).
 - b) The Receiver has doubts about some of that, as Maxion seems to have been acting as both developer and general contractor. This is reflected in Maxion’s inclusion of development fees and expenses in its calculation of construction progress (i.e. development charges to the City of Waterloo, marketing expenses, and an overall development fee in addition to construction work). It is possible that not all of the expenses and fees that Maxion listed would necessarily be construction progress for holdback purposes.

- c) The issue of whether the entire scope of Maxion's asserted work since 2010 was the same improvement (noted in item (a), above) also applies here, because Maxion includes all of that in the c. \$23 million amount. Any finding that there was in fact one or more projects would lead to a lower number for the current one.
- d) Deem Management also disputes that the arrangements with Maxion are as Maxion has described, and that all of the work done was authorized, for value, and that all the fees sought are properly payable.
- e) Maxion has also included claims for work after appointment of the Receiver, which the Receiver is unsure are valid in whole or in part.

Recommendations

- 20. The Receiver believes that notwithstanding that several matters are still unclear, there is support for five conclusions that support making interim distributions to pay out the first and second mortgages:
- 21. Firstly, both mortgages are subject to holdback. That is because:
 - a) At least part of the IMC mortgage was for financing an improvement, so it will be subject to holdback as a hybrid mortgage under s. 78(2) of the *Construction Act*.
 - b) If first work predated both mortgages, then s. 78(5) of the *Construction Act* applies to make them both subject to holdback.
 - c) If first work was after the 2015 Dal Bianco mortgage, then it is postponed to the IMC mortgage in any event so item (i) still governs in any event.
- 22. Secondly, holdback is not going to be larger than \$2,355,904.17. While there may be too many open issues at this point to come to any firm conclusions about progress and holdback, the highest is Maxion's claim of progress of \$23,559,041.73 (being the claimed amount of \$23,779,186.01 less the admitted reduction for legal fees of \$220,144.28). This is an increase from the \$1,000,000 amount that the Receiver had proposed in the Second Report, as a result of the further information and consultation with the lien claimants.
- 23. Thirdly, the limitation on prior-advanced capital mortgages in section 78(3) of the *Construction Act* will not apply to these mortgages, so there is no limitation on their repayment. That is because:

- a) If the first lien arose in 2010 as Maxion contends, then both mortgages are subsequent mortgages under subsections 78(5) and (6). Note that no advances were made in the face of a lien, so subs. 78(6) doesn't arise. The same thing applies to any date for first lien arising before June of 2015.
 - b) If the first lien arose after the 2015 Dal Bianco mortgage but before the IMC mortgage (i.e. as late as when exp Services indicates it worked), then the value of the land at the time of the 2015 Dal Bianco mortgage was more than the c. \$4.5 million advanced.
24. Fourthly, it makes sense to make the interim distributions in order to stop the interest expense of the first and second mortgages, which the Receiver estimates is more than \$110,000 per month and which will erode the entitlement of whoever is to be paid next. In that regard, it is notable that there is a dispute about the validity of a third ranking mortgage in favour of Dal Bianco. Since that is the only other mortgage, if it is not enforceable then the lien claimants would be the next secured creditors, so the reduction of ongoing interest expense could end up benefitting construction lien claimants.
25. Accordingly and fifthly, there is no prejudice to any party if the interim distributions are made provided that they will leave the Receiver holding more than (i) the possible holdback of \$2,355,904.17 plus (ii) amounts necessary to repay all fees and expenses owing to the Receiver and its counsel as well as (iii) a reserve to complete the administration of the estate. The Receiver expects that there will be sufficient funds to meet this condition from the closing with the Purchaser even if the full amount of priced reduction is agreed to by the Receiver.
26. Distribution of any further amounts will of course have to be authorized by further order made on notice. At present, the issues behind further distributions will either require further consent or adjudication.
27. As noted in the Second Report, the Receiver is unaware of any challenge to the validity of the IMC mortgage or the second ranking mortgage in favour of Dal Bianco, and the Receiver's counsel has provided the Receiver with an opinion that those mortgages are valid and enforceable subject to the normal assumptions and qualifications.

RELIEF SOUGHT

28. The Receiver accordingly revises its request for authority to make distributions to an order that, provided that after such distributions there will remain in the Receiver's possession (i) \$2,355,904.17, (ii) amounts necessary to repay all fees and expenses owing to the Receiver and its counsel and (iii) a reserve to complete the administration of the estate, the Receiver is authorized to :

- a) pay the amounts owing to Institutional Mortgage Capital Canada Inc. secured by a mortgage against the Real Property, subject to the Receiver's review of the relevant payout statement and costs claimed; and
- b) pay the amounts owing to Dal Bianco for the mortgage registered on tile to the Real Property dated June 26, 2015 and registered as instrument no. WR888817 (as amended by instrument no. WR1030186 on May 8, 2017 to extend the term to March 1, 2019), subject to the Receiver's review of the relevant payout statement and costs claimed

All of which is respectfully submitted this 13th day of August, 2018

Crowe Soberman Inc.
in its capacity as Court-appointed
Receiver of Deem Management Services Limited
and The Uptown Inc., and not in its personal capacity



for

Per: Hans Rizarri CPA, CA, CIRP

APPENDIX "E"

Court File No.: CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE REGIONAL SENIOR)
JUSTICE MORAWETZ)

TUESDAY, THE 14TH
DAY OF AUGUST, 2018

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondents

**ORDER
(Interim Distributions)**

THIS MOTION, made by Crowe Soberman Inc in its capacity as receiver (the “**Receiver**”) of the property known municipally as 215 and 219 Lexington Road, Waterloo, Ontario N2K 2E1 (the “**Real Property**”), the assets and undertakings of Deem Management Services Limited (“**Deem Management**”) related to the Real Property (the “**Related Deem Assets**”), and the property, assets and undertakings (the “**Uptown Assets**”) of the Uptown Inc. (the “**Uptown**”, together with Deem Management the “**Debtors**”) for an order authorizing the Receiver to make interim distributions was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Supplementary Report (the “**Supplementary Report**”) dated August 13, 2018 to the Second Report and on hearing the submissions of counsel for the Receiver, and those other parties appearing on the counsel slip, no one appearing for any other person on the



- 2 -

service list, although properly served as appears from the affidavit of Karen Jones sworn August 13, 2018, filed:

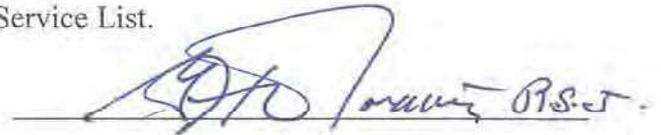
1. THIS COURT ORDERS that the time for service of the Motion Record in respect of this motion and the Supplementary Report is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

2. THIS COURT ORDERS that that, ^{at least} provided that after such distributions there will remain in the Receiver's possession (i) \$2,355,904.17; (ii) amounts necessary to repay all fees and expenses owing to the Receiver and its counsel and (iii) a reserve to complete the administration of the estate, the Receiver is authorized to:

a) pay the amounts owing to Institutional Mortgage Capital Canada Inc. secured by a mortgage against the Real Property, subject to the Receiver's review of the relevant payout statement and costs claimed; and

b) pay the amounts owing to Dal Bianco for the mortgage registered on tile to the Real Property dated June 26, 2015 and registered as instrument no. WR888817 (as amended by instrument no. WR1030186 on May 8, 2017 to extend the term to March 1, 2019), subject to the Receiver's review of the relevant payout statement and costs claimed.

3. THIS COURT ORDERS that the Receiver not make any other distributions except pursuant to an Order made on notice to the Service List.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

AUG 14 2018

PER / PAR:



DONALD DAL BIANCO

and

**DEEM MANAGEMENT SERVICES LIMITED and THE
UPTOWN INC.**

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced TORONTO**

**ORDER
(Interim Distributions)**

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto ON M5G 1V2
Fax: 416-597-3370

Michael B. Rotsztain (LSUC #: 17086M)
Tel: 416-597-7870
Email: rotsztain@gsnh.com sw

R. Brendan Bissell (LSUC No. 40354V)
Tel: 416-597-6489
Email: bissell@gsnh.com

Lawyers for the Receiver, Crowe Soberman Inc.

APPENDIX “F”

AUG 14, 2018

Court File No. CV-18-598657-00C1

DONALD DAL BIANCO

and

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Applicant

Respondents

R.B. Bissell for the Receiver. August 14, 2018
 H. Rosenburg for Deep 1737, Inc. Clamat.
 E. D'Agostino for Kiawatch.
 J. Larn for First Source
 D. Ullmann for Dm Dal Bianco.
 B. Salsbery for Taxwin.

The motion for an interim distribution was not opposed. As a result of a previous order approving a sale, the Receiver will be in possession of the assets when the trust closes. I signed assets to the Receiver and received opinions for its assets that 2 mortgages are valid and enforceable. The Receiver has sufficient funds to pay off these two mortgages.

ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST
 Proceeding commenced TORONTO

SUPPLEMENTARY MOTION RECORD
 For an interim distribution order
 (originally returnable July 17, now returnable August 14, 2018)

GOLDMAN SLOAN NASH & HABER LLP
 480 University Avenue, Suite 1600
 Toronto ON M5G 1V2
 Fax: 416-597-3370
 R. Brendan Bissell (LSUC No. 40354V)
 Tel: 416-597-6489
 Email: bissell@ggsnh.com

Lawyers for the Receiver, Crowe Soberman Inc.



Through a post payment agreement, 0170 (ATMA) ~~Securities~~
 has first priority and is owed in the
 range of \$8.222M plus interest and costs.

Dal Bracco is owed in the range of \$4.517M
 plus interest and costs. Upon receipt of
 payment statements Receiver is authorized
 to pay out these 2 mortgages.

Receiver to maintain at least \$2,355,904.17
 as a reserve.

This inter-creditor distribution is made without
 prejudice to s 78 Constructive Act arguments
 that lien claimants may raise with
 respect to the remaining funds being
 held by the Receiver.

An order has been signed to reflect
 the foregoing.



Court File No.: CV-18-598657-00CL

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

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondents

APPLICATION UNDER Section 243(1) of the *Bankruptcy and Insolvency Act*
and Section 101 of the *Courts of Justice Act*

**ENDORSEMENT OF REGIONAL SENIOR JUSTICE MORAWETZ
DATED AUGUST 14, 2018 (UNOFFICIAL TYPED VERSION)**

August 14, 2018

R. B. Bissell for the Receiver

H. Rosenberg for Deep [Foundations], Lien Claimant

E. D'Agostino for Kieswetter

J. Larry for [Institutional Mortgage Canada]

D. Ullmann for Don Dal Bianco

B. Salsberg for Maxion

The motion for an interim distribution was not opposed. As a result of a previous order approving a sale, the Receiver will be in possession of significant assets when the transaction closes. The Receiver has received opinions from its counsel that the two mortgages are valid and enforceable. The Receiver has sufficient funds to pay off these two mortgages.

Through a postponement agreement, IMC has first priority and is owed in the range of \$8.222 million plus interest and costs. Dal Bianco is owed in the range of \$4.517 million plus interest and costs. Upon receipt of payout statements the Receiver is authorized to payout these two mortgages. Receiver to maintain at least \$2,355,904.17 as a reserve.

This interim distribution is made without prejudice to s.78 *Construction Act* arguments that lien claimants may raise with respect to the remaining funds being held by the Receiver.

An order has been signed to reflect the foregoing.

Morawetz, R.S.J.

Court File No. CV-18-598657-00CL

DONALD DAL BIANCO

and

**DEEM MANAGEMENT SERVICES LIMITED and THE
UPTOWN INC.**

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**
Proceeding commenced TORONTO

**ENDORSEMENT OF REGIONAL SENIOR
JUSTICE MORAWETZ
DATED AUGUST 14, 2018
(UNOFFICIAL TYPED VERSION)**

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto ON M5G 1V2
Fax: 416-597-3370

R. Brendan Bissell (LSUC No. 40354V)
Tel: 416-597-6489
Email: bissell@gsnh.com

Lawyers for the Receiver, Crowe Soberman Inc.

APPENDIX "G"

Court File No.: CV-18-598657-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

DONALD DAL BIANCO

Applicant

- and -

DEEM MANAGEMENT SERVICES LIMITED and THE UPTOWN INC.

Respondents

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Wilton-Siegel of the Ontario Superior Court of Justice (the "Court") dated May 31, 2018, Crowe Soberman Inc. was appointed as the receiver (the "Receiver") of the property known municipally as 215 and 219 Lexington Road, Waterloo, Ontario N2K 2E1 (the "**Real Property**"), the assets and undertakings of Deem Management Services Limited ("**Deem Management**") related to the Real Property (the "**Related Deem Assets**"), and the property, assets and undertakings (the "**Uptown Assets**") of The Uptown Inc. (the "**Uptown**", together with Deem Management the "**Debtors**").

B. Pursuant to an Order of the Court dated August 30, 2013, the Court approved the agreement of purchase and sale made as of July 4, 2018 (the "**Sale Agreement**") as amended between the Receiver and Far East Aluminium Works Canada Corp. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set

- 2 -

out in section 6 of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section 6 of the Sale Agreement as amended have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at 4:10 pm [TIME] on 31 August, 2018 [DATE].

Crowe Soberman Inc., in its capacity as Receiver of the undertaking, property and assets of Deem Management Services Limited and The Uptown Inc. and not in its personal capacity

Per: _____

Name: Haas Rizarri

Title: President

DONALD DAL BIANCO

and

**DEM MANAGEMENT SERVICES LIMITED and THE
UPTOWN INC.**

Applicant

Respondents

Court File No. CV-18-598657-00CL

SUPERIOR COURT OF JUSTICE
COUR SUPÉRIEURE DE JUSTICE
RECEIVED/REÇU
AUG 31 2018
LOCAL REGISTRAR / GREFFIER LOCAL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceeding commenced TORONTO

RECEIVER'S CERTIFICATE

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto ON M5G 1V2
Tel: 416-597-3370
Fax: 416-597-3370

Michael B. Rotszain (LSUC #: 17086M)
Tel: 416-597-7870
Email: rotszain@gsnh.com

R. Brendan Bissell (LSUC No. 40354V)
Tel: 416-597-6489
Email: bissell@gsnh.com

Lawyers for the Receiver, Crowe Soberman Inc.

APPENDIX “H”



NOV 27 2018

0003868

Summerside PE C1N 6A2

Notice details

Business number	84603 6333 RT0002
Period covered	Sep 1, 2018 - Sep 30, 2018
Date issued	Nov 16, 2018

THE UPTOWN INC.
Crowe Soberman Inc.
1100 - 2 ST CLAIR AVE E
TORONTO ON M4T 2T5

Notice of assessment for goods and services tax/harmonized sales tax (GST/HST)

This notice explains the results of our assessment of your GST/HST return(s).

Thank you,

Bob Hamilton
Commissioner of Revenue

Account summary

Total balance: \$0.00

Get the CRA BizApp

CRA BizApp lets you view:

- account transactions;
- expected GST/HST returns; and
- the status of filed returns.

For more information, go to
canada.ca/cra-biz-app.

THE UPTOWN INC.

Notice details

Business number	84603 6333 RT0002
Period covered	Sep 1, 2018 - Sep 30, 2018
Date issued	Nov 16, 2018

GST/HST assessment

Results

This notice explains the results of our assessment of the GST/HST return(s) received on **October 31, 2018**, for the period shown above.

Description	\$ Amount	CR
Result of this assessment	0.00	
Previous balance	0.00	
Total balance	0.00	

For more information, please see the "Summary" and "Explanation of changes and other important information" sections of this notice.

Please keep this notice of assessment for your records.

0003869

THE UPTOWN INC.

Notice details

Business number	84603 6333 RT0002
Period covered	Sep 1, 2018 - Sep 30, 2018
Date issued	Nov 16, 2018

Summary

Reporting Period: Sep 1, 2018 - Sep 30, 2018

Reference Number: 18317014112370006

Sales and other revenue

Line	Description	\$ Amount	CR
101	Sales and other revenue	1,390,187.00	

Balance calculation

Line	Description	\$ Amount	CR
105	Total GST/HST and adjustments	180,724.31	
108	Total ITCs and adjustments	0.00	
109	Net tax assessed	180,724.31	
	Payment(s) applied	180,724.31	CR
	Net balance	0.00	
	Result of assessment	0.00	

Explanation of changes and other important information

We processed your GST/HST return for the period ending **September 30, 2018**.

If your net tax owing is the same as the payment you made when you filed your GST/HST return, we will not send you a notice of assessment. But, if we charge you a penalty or interest, we will send you a notice.

More information

If you need more information, go to canada.ca/taxes.

To see your latest account information, including payment transactions, go to canada.ca/my-cra-business-account.

For information regarding options for adjusting your return, go to canada.ca/gst-hst and select the topic "Correcting a GST/HST return," or see Guide RC4022, General Information for GST/HST Registrants. For faster service, submit your request electronically.

If you disagree with this assessment, go to canada.ca/cra-complaints-disputes and select the topic "Goods and services tax/harmonized sales tax (GST/HST)" for your objection options. You have 90 days from the date of this notice to register your dispute.

Definitions

CR (credit) is the amount we owe you.

Help for persons with visual impairments

You can get this notice in braille, large print, or audio format. For more information about other formats, go to canada.ca/cra-multiple-formats.

Direct deposit

Direct deposit is a faster, more convenient, reliable, and secure way to get all amounts deposited into one account or to have refunds and rebates from different programs deposited into different accounts. For more information, go to canada.ca/cra-direct-deposit.

Get your mail online

You can choose to receive your mail online. When you register for this new service, we will no longer print and mail most correspondence to you. Instead, we will notify you by email when you have mail to view in your secure online account. For more information, go to canada.ca/my-cra-business-account.

APPENDIX "I"

**Interim Statement of Receipts and Disbursements
To February 6, 2019**

Sale of 229 Lexington Road

Gross Purchase Price	\$ 19,960,039.14	
Rent Collected	\$ 60,000.00	
Advances from Secured Creditor (Receiver Certificate)* Note 1	\$ 189,277.30	
HST Refund	\$ 118,186.18	
Interest Collected from Term Deposit* Note 2	\$ 72.69	
Total Receipts		<u>\$ 20,327,575.31</u>

Less:

First Mortgage	\$ (8,299,346.58)	
Second Mortgage & Receiver Certificates	\$ (4,944,692.24)	
		<u>\$ (13,244,038.82)</u>

Net Proceeds from the Sale

\$ 7,083,536.49

Less: Professional Disbursements

Cushman & Wakefield	\$ (293,658.75)	
Blaney's	\$ (350,613.76)	
GSNH	\$ (330,093.41)	
Crowe Soberman Inc.	\$ (190,202.75)	
HST on Crowe Soberman Fees	\$ (24,726.36)	<u>\$ (1,189,295.03)</u>

Less: Disbursements paid by the Proposal

Trustee

Monthly Mortgage Payments (Dal Bianco)	\$ (59,500.00)	
Monthly Mortgage Payments (IMC)	\$ (189,294.80)	
Filing Fees	\$ (70.00)	
Wiring Charges	\$ (35.00)	
Receiver General	\$ (180,724.31)	
Software Charge	\$ (310.75)	
Bailiff Charges	\$ (7,107.70)	<u>\$ (437,042.56)</u>
		<u>\$ (14,870,376.41)</u>

Grand Total

\$ 5,457,198.90

Balance in GL

\$ 5,457,198.90

E&OE

Note 1*-represents two monthly payments for June and July, the third payment for August was sent directly to IMC.

Note 2*- full interest from Term Deposit has not been allocated as maturity date is February 21, 2019.

APPENDIX “J”

LRO # 58 **Charge/Mortgage**Registered as **WR1099051** on 2018 02 23 at 16:31

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

yyyy mm dd Page 1 of 16

Properties

PIN 22291 - 0628 LT *Interest/Estate* Fee Simple
Description PT. BLOCK A PLAN 1313, BEING PTS. 1, 4, 5 ON 58R-6774 & PT. 3 ON 58R-2194. S/T EASEMENT IN GROSS OVER PT. 1 ON 58R-17857, AS IN WR853469; CITY OF WATERLOO
Address 229 LEXINGTON ROAD
 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 DEEM MANAGEMENT SERVICES LIMITED
Address for Service 121 Oak Park Drive, Waterloo, Ontario,
 N2K 0B3

I, Robert Dal Bianco, have the authority to bind the corporation.

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

Chargee(s)*Capacity**Share*

Name DAL BIANCO, DONALD
Address for Service 87 Huron Street, Saugeen Shores, Ontario, N0H 2L0

Statements

Schedule: See Schedules

Provisions

Principal \$7,978,753.45 *Currency* CDN
Calculation Period not in advance
Balance Due Date On Demand
Interest Rate 5% compounded monthly, calculated daily
Payments
Interest Adjustment Date 2012 04 02
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor Robert Dal Bianco

Additional Provisions

The mortgages, charges and security interests granted hereby secures payment to the Chargee of the principal amount of \$7,978,753.45 plus interest thereon as set out herein, calculated monthly, not in advance, both before and after maturity, default and judgment. Interest in the amount of \$689,461.20 has accrued on the outstanding principal amount secured by this Charge from April 1, 2012 to January 26, 2018 at the rate of 5% per annum, calculated monthly, not in advance, and is secured by this Charge. From and after January 26, 2018, Interest shall accrue on the outstanding principal amount secured by this Charge at the Prime Rate plus 2% per annum, calculated monthly, not in advance, and shall be secured by this Charge. For the purposes hereof, the Prime Rate means the minimum or prime lending rate of interest per annum as disclosed by The Toronto-Dominion Bank from time to time and used by it as a reference rate of interest for Canadian dollar loans made by it in Canada and adjusted automatically upon any change by The Toronto-Dominion Bank. Interest shall be paid by the Chargor on demand at the same time that the Chargee makes demand on the Chargor for repayment of the outstanding principal amount secured by this Charge.

Signed By

Joanne Morin 31-3455 Harvester Road acting for Signed 2018 02 23
 Burlington Chargor(s)
 L7N 3P2

Tel 905-632-7744

Fax 905-632-9076

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

LRO # 58 **Charge/Mortgage**

Registered as WR1099051 on 2018 02 23 at 16:31

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

yyyy mm dd Page 2 of 16

Submitted By

CASS & BISHOP PROFESSIONAL CORPORATION 31-3455 Harvester Road 2018 02 23
 Burlington
 L7N 3P2

Tel 905-632-7744
 Fax 905-632-9076

Fees/Taxes/Payment

Statutory Registration Fee	\$63.65
Total Paid	\$63.65

File Number

Chargee Client File Number : 042913002

LOAN AGREEMENT

THIS LOAN AGREEMENT is dated the 1st day of February, 2018 with effective as of the 1st day of April, 2012 ("Effective Date")

BETWEEN:

DEEM MANAGEMENT SERVICES LIMITED,

a corporation duly incorporated pursuant
to the laws of the Province of Ontario,
(hereinafter, the "Borrower")

- and -

DONALD DAL BIANCO,

a resident of the City of Burlington,
in the Province of Ontario
(hereinafter the "Lender")

WHEREAS:

- A. The Lender has made advances to the Borrower from time to time since the Effective Date in an amount equal to the Principal Sum; and
- B. The parties wish to enter into this Agreement to evidence the advances of the Principal Sum by the Lender to the Borrower in writing and to provide for the terms and conditions upon which the Loan shall be made repaid by the Borrower to the Lender and other terms and conditions related to the Loan;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. DEFINITIONS

In this Loan Agreement, unless the context otherwise requires, the following terms have the following meanings:

- a) "Agreement" means this Loan Agreement between Deem Management Services Limited and Donald Dal Bianco with effect as of the Effective Date;
- b) "Applicable Law" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies;
- c) "Business Day" means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario or a municipal holiday in the City of Toronto;
- d) "Corporate Guarantors" means Deem Management Limited and The Uptown Inc.;

- e) "Default" means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;
- f) "Existing Waterloo Charge" means the second charge/mortgage granted by the Borrower to and in favour of the Lender in the original principal amount of \$4,517,511.00 registered as Instrument No. WR888817 on June 25, 2015 against the Waterloo Property;
- g) "Event of Default" has the meaning attributed to such term in Section 11 hereof;
- h) "Interest Rate" means the Prime Rate plus 2% per annum, calculated monthly, not in advance;
- i) "Loan" means the advances made by the Lender to the Borrower from time and time from and after the Effective Date to the date hereof in the aggregate amount of the Principal Sum but, for greater certainty, does not include those advances made by the Lender to the Borrower under the Existing Waterloo Charge;
- j) "Principal Sum" means the principal amount of \$7,978,753.45 in lawful money of Canada;
- k) "Prime Rate" the minimum or prime lending rate of interest per annum as disclosed by The Toronto-Dominion Bank from time to time and used by it as a reference rate of interest for Canadian dollar loans made by it in Canada and adjusted automatically upon any change by The Toronto-Dominion Bank;
- l) "Security Documents" has the meaning given to that term in Section 5 hereof; and
- m) "Waterloo Property" means the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT), and municipally known as 229 Lexington Road, Waterloo, Ontario.

2. THE LOAN

The Lender agrees to extend the Loan to the Borrower in an amount up to the Principal Sum on and subject to the terms and conditions contained herein. Each of the Lender and the Borrower acknowledges and confirms that the entire Principal Sum has been advanced as at the date hereof and that outstanding and unpaid interest in the amount of \$689,461.20 has accrued on the Principal Sum from the Effective Date to January 26, 2018 at the rate of five percent (5%) per annum and interest shall accrue from and after January 26, 2018 at the Interest Rate.

3. REPAYMENT OF PRINCIPAL AND PAYMENT INTEREST

Each advance of the Principal Sum shall bear interest at the Interest Rate from and including the date of each respective advance to the date of payment. Interest shall be payable, not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the same rate calculated in the same manner. The outstanding Principal Sum together with all accrued and unpaid interest thereon shall be repayable on written demand.

4. PREPAYMENT

The Borrowers may, without notice, bonus or penalty, at any time and from time to time, prepay all or any portion of the outstanding Principal Sum provided that each such prepayment is accompanied by all of the then accrued and unpaid interest on the amount of Principal Sum being prepaid calculated to the date of such prepayment.

5. SECURITY

The liability, indebtedness and obligations of the Borrower under the Loan shall be evidenced, governed and secured by all security documents required by the Lender including, without limitation, the following (collectively, the "Security Documents"):

- (a) a charge/mortgage in the Principal Sum of \$7,978,753.45 to be registered against the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT), and municipally known as 229 Lexington Road, Waterloo, Ontario;
- (b) a charge/mortgage originally granted by 478729 Ontario Limited to and in favour of the Lender and registered as Instrument No. GC4794 on April 16, 2010 against the lands and premises legally described as Part Lots E and F, Plan 19 (Prescott), as in Instrument No. PR66370, Town of Prescott, being all of PIN 68155-0294(LT) (the "Prescott Property"), as amended by an amending agreement, notice of which was registered against the Prescott Property as Instrument No. GC31525 on July 24, 2014 and which charge/mortgage shall be further amended by an amending agreement, to increase the original principal amount thereof to \$7,978,753.45;
- (c) a General Security Agreement granted by the Borrower to the Lender;
- (d) a Guarantee of the obligations of the Borrower to the Lender from Robert Dal Bianco and, as security for such guarantee, a General Security Agreement granted by Robert Dal Bianco to the Lender and a Share Pledge Agreement from Robert Dal Bianco to the Lender in respect of the all of the shares of the Borrower, Deem Management Limited and The Uptown Inc. owned by Robert Dal Bianco;
- (e) a Guarantee of the obligations of the Borrower to the Lender from Deem Management Limited and, as security for such guarantee, a General Security Agreement granted by Deem Management Limited to the Lender as collateral security thereto; and
- (f) a Guarantee of the obligations of the Borrower to the Lender from The Uptown Inc. and, as security for such guarantee, a General Security Agreement granted by the Uptown Inc. to the Lender as collateral security thereto.

6. BORROWER'S NEGATIVE COVENANTS AND CONDITIONS

The Borrower covenants and agrees with the Lender that, so long as any portion of the Loan or any indebtedness or liabilities of the Borrower under this Agreement remains outstanding, it shall not, without the prior written consent of the Lender:

- a) With exception of any further security in favour of the Lender, grant or allow any lien, charge, security interest, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
- b) grant or allow any lien, charge, security interest, privilege, hypothec or any other encumbrance whatsoever, to be registered against the shares of the Corporate Guarantors or the Borrower;
- c) Become guarantor or endorser or otherwise become liable upon any note or other obligation other than accounts payable incurred in the normal course of business;
- d) Declare or pay dividends on any class or kind of its shares, repurchase or redeem any of its shares or reduce its capital in any way whatsoever or repay any shareholders' advances of the Borrower;
- e) Amalgamate with or permit all or substantially all of its assets to be acquired by any other arm's length person, firm or corporation or permit any reorganization or change of control, or similar proceeding or arrangement or discontinuance of the business of the Borrower;
- f) Sell, transfer or otherwise dispose of, or create, grant, assume or suffer to exist any lien upon, any of its property and assets and the shares of the Borrower, except pursuant to the Security Documents and liens relating to governmental claims and save and except that the foregoing shall not prevent the Borrower from completing the purchase and sale of the lands and premises municipally known as 990 Edward Street North, Prescott, Ontario to Arch Long Term Care LP or its permitted assignee;
- g) Incur any further indebtedness, except accounts payable incurred in the ordinary course of business;
- h) Change its name;
- i) Permit any property taxes or strata fees to be past due at any time; or
- j) Permit any rent payable in respect of premises leased by it to be past due at any time;
- k) Amend the organizational documents in a manner which would prejudice the Borrower's interest under this Loan Agreement;
- l) Enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder, connected, related, or associated corporation, or any other non-arm's length party;
- m) Issue any securities in the Borrower;

- n) Operate the business of the Borrower in a manner that would reasonably be expected to result in a material adverse effect; or
- o) Enter into any transaction or series of transactions, or any acquisitions or series of acquisitions which are outside the ordinary course of the business of the Borrower.

The Borrower shall deliver to the Lender not less than ten (10) Business Days prior written notice of any prospective or pending transaction with a third party involving the Waterloo Property, including, without limitation, a pending or prospective re-financing or sale of all or a partial interest in the Waterloo Property (the "Waterloo Property Transaction"), which notice shall specify in detail the nature of the transaction and shall include a copy of any term sheet, commitment letter, agreement of purchase and sale or other similar document in connection with the Waterloo Property Transaction. Notwithstanding the foregoing provisions contained in this Section 6 or any other provision to the contrary contained in this Loan Agreement or the Security Documents, if the Lender does not state in writing his objection to the Waterloo Property Transaction within (10) Business Days after his receipt of such notice, the Lender shall be deemed to have given his consent to the Waterloo Property Transaction and any acts or things described this Section 6 in connection therewith, in particular, Subsections 6(a), (b), (c), (e), (f), (g),(l), (m) and (o) thereof and the completion of the Waterloo Property Transaction shall not and shall be deemed not to contravene the provisions contained in this Loan Agreement or the Security Documents including, without limitation, the covenants contained in this Section 6 and, in particular, the covenants in Subsections 6(a), (b), (c), (e), (f), (g),(l), (m) and (o) thereof.

7. BORROWER'S POSITIVE COVENANTS AND CONDITIONS

The Borrower covenants and agrees with the Lender that, so long as any portion of the Loan or any indebtedness or liabilities of the Borrower under this Agreement remains outstanding, it shall:

- a) pay or cause to be paid the outstanding Principal Sum and all accrued and unpaid interest thereon on the dates required for payment and in the manner specified herein;
- b) do or cause to be done all things necessary or desirable to maintain its legal existence as a corporation duly incorporated pursuant to the laws of the Province of Ontario;
- c) comply with the requirements of all Applicable Law, and all contracts to which it is a party or by which it is bound;
- d) as soon as practicable after it shall become aware of the same, give notice to the Lender of the following events:
 - i. the commencement of any legal proceeding against or affecting it;
 - ii. any development which might have a material adverse effect upon its ability to perform its obligations under this Agreement; and

- iii. any Default or Event of Default, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;
- e) use the proceeds for general corporate purposes;
- f) reimburse the Lender, on demand, for all of the reasonable out-of-pocket costs, charges and expenses incurred by or on behalf of the Lender (including, without limitation, the reasonable fees, disbursements and other charges of the Lender's solicitors) in connection with the making of demand by the Lender under this Loan Agreement and the Security Documents, the enforcement of this Loan Agreement and the Security Documents by the Lender and the exercise by the Lender of any of its rights and remedies under this Loan Agreement and the Security Documents, all of which costs, charges and expenses shall bear interest at the Interest Rate from the date on which such costs, charges and expenses are due and payable to the date of actual payment thereof and shall be secured by the Security Documents;
- g) do, execute, and deliver all such things, documents, security, agreements, and assurances that the Lender may from time to time request to ensure that the Lender holds at all times valid, enforceable, perfected, first priority Encumbrances; and
- h) upon the occurrence of either a Default or an Event of Default of which the Borrower is aware, the Borrower shall promptly deliver to the Lender a notice specifying the nature and date of occurrence of such Default or Event of Default, the Borrower's assessment of the duration and effect thereof and the action which the Borrower proposes to take with respect thereto.

8. FINANCIAL STATEMENTS AND REPORTS

- a) The Borrower shall deliver to the Lender from time to time and as required by the Lender in their sole discretion and with ten (10) days' notice to the Borrower, the following:
 - i) Internally-prepared profit and loss statements and balance sheets for the Borrower;
 - ii) Pro forma financial statements, cash flow statement and budget for the following fiscal year of the Borrower; and
 - iii) Such additional financial statements and information as and when requested by the Lender.
- b) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently.

9. BORROWER'S REPRESENTATIONS AND WARRANTIES

- a) The Borrower has been duly incorporated and organized, is properly constituted, is in good standing and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;

- b) The execution of this Agreement and the Security Documents and the incurring of liability and indebtedness to the Lender does not and will not contravene:
- i) the constating documents and by-laws of the Borrower or any agreement that the Borrower is a party to or affecting the assets or property of the Borrower, or
 - ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which the Borrower is a party;
- c) The Agreement and the Security Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and constitute valid and binding obligations of the Borrower, and are enforceable in accordance with the respective terms;
- d) All necessary authorizations, approvals, consents and orders have been obtained with respect to the Loan and the execution and delivery of the Security Documents;
- e) All financial and other information provided to the Lender in respect of this Agreement is true and accurate and acknowledges that reliance on the truth and accuracy of the information provided by the Borrower is made by the Lender;
- f) The execution, delivery and performance by the Lender and the Corporate Guarantors and the consummation of the transactions contemplated herein and therein, do not and will not conflict with, result in any material breach or violation of, or constitute a material default under, the terms, conditions or provisions of the charter or constating documents, agreement, or Applicable Law regulation, judgment, decree or order; and
- g) The Borrower has good title to its property, assets and shares free and clear of any liens, encumbrances or security interests save and except as disclosed by the Borrower to the Lender in writing, save and except as registered against title to any lands and premises owned by the Borrower including, without limitation, the Waterloo Property, 55 Hugo Crescent, Kitchener, Ontario and 990 Edward Street, Prescott, Ontario and save and except as recorded by the registration of a financing statement under the *Personal Property Security Act* (Ontario).

10. ADDITIONAL CONDITIONS

- a) All payments by the Borrower to the Lender shall be made at the address set out in section 11(m) below or at such other place as the Lender may specify in writing from time to time. Any payment delivered or made to the Lender by 5:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made afterwards shall be credited as of the next business day;
- b) The Borrower acknowledges that the records of repayment of the Principal Sum in an account of the Borrower maintained by the Lender shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time; provided that the obligation of the Borrower to pay or repay any indebtedness

and liability in accordance with the terms and conditions of the Loan shall not be affected by the failure of the Lender to make such recording. The Borrower also acknowledges being indebted to the Lender for principal amounts shown as outstanding from time to time in the Lender's records in accordance with the terms and conditions of this Agreement;

- c) The obligation of the Borrower to make all payments under this Agreement and the Security Documents shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - i) Any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Lender or anyone else for any reason whatsoever; or
 - ii) Any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower; and
- d) The Lender shall have all remedies, rights and powers available to him at law and in equity under this Agreement and the Security Documents. The rights and remedies of the Lender hereunder are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Lender and no delay or omission in exercise of such remedy, right, or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

11. EVENTS OF DEFAULT

- a) Without in any way derogating from the Lender's ability to demand repayment of the Loan at any time, the occurrence of any of the following events shall constitute an Event of Default:
 - i) default by the Borrower in the repayment of the outstanding Principal Sum and the payment of all accrued and unpaid interest thereon and the payment of all other amounts due and owing by the Borrower under this Agreement on the dates when such amounts are due and payable;
 - ii) default by the Borrower in the performance or observance of any covenant, condition or obligation contained in any Security Document unless such default, if capable of being remedied, is remedied within five (5) Business Days after notice thereof by the Lender to the Borrower;
 - iii) any representation or warranty made by the Borrower in any Security Document is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made;
 - iv) the Borrower admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
 - v) the Borrower institutes any proceeding, or any proceeding is commenced against or involving the Borrower;

- 1) seeking to adjudicate it a bankrupt or insolvent;
- 2) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of it or making a proposal with respect to it under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws; or
- 3) seeking appointment of a receiver, trustee in bankruptcy, agent, custodian or other similar official for it or for any part of its properties and assets;

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than fifteen (15) days from the institution of such first mentioned proceeding;

- vi) any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any property or assets of the Borrower; or
 - vii) any of the security created by the Security Documents becomes ineffective or unperfected, unless such event is cured immediately upon the Borrower acquiring knowledge thereof or the Lender providing notice thereof, and provided there has been no prejudice to the Lender.
- b) Upon the occurrence of any Event of Default, the Lender may in his sole option:
- i) declare the remaining balance of the Principal Sum to be immediately due and payable (to the extent not previously demanded);
 - ii) realize upon all or any part of the security granted pursuant to the Security Documents; or
 - iii) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Security Documents) at such times and in such manner as either Lender, in his sole discretion, may consider expedient,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Security Documents.

For greater certainty, the occurrence of an Event of Default is not a precondition to the Lender's right to demand repayment of the Loan at any time. The Lender may, at any time and from time to time, review the Loan and in exercising its discretion to maintain or demand the Loan may consider factors other than the

occurrence or non-occurrence of a Default or Event of Default hereunder.

12. NON-MERGER AND NON-ASSIGNMENT

- a) The terms and conditions of the Agreement shall not be merged by and shall survive the execution of the Security Documents. In the event of a conflict between the terms of this Agreement and the terms of the Security Documents, the terms of the Agreement shall prevail to the extent of such conflict.
- b) The Borrower shall not assign all or any of its rights, benefits or obligations under this Agreement without the prior written consent of the Lender.

13. WAIVER OR VARIATION

- a) No term or condition of this Agreement or any of the Security Documents may be waived or varied verbally or by any course of conduct by any employee or agent of the Lender. All waivers must be in writing and signed by the waiving party.
- b) Any amendment to the Agreement or the Security Documents must be in writing and signed by the Lender.

14. GENERAL

- a) The parties hereby confirm and ratify the matters contained and referred to in the preamble to this Agreement and agree that the same are expressly incorporated into this Agreement.
- b) This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings and negotiations, whether oral or written, and there are no general or specific warranties, representations or other agreements except as are herein specifically set forth.
- c) Whenever the singular, plural, masculine, feminine or neuter is used throughout this Agreement, the same shall be construed as meaning the singular, plural, masculine, feminine, neuter, body politic or body corporate wherever the fact or context so requires.
- d) All of the covenants, warranties and representations contained in this Agreement shall survive the closing and completion of this transaction and shall not merge on the closing of the transaction but shall continue to be in full force and effect for the benefit of the Vendor or the Purchaser, as the case may be.
- e) The parties hereto covenant and agree to do such things and execute such further documents, agreements, instruments or assurances as may reasonably be required by another party hereto from time to time in order to carry out the terms of this Agreement in accordance with their true intent.
- f) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. The parties hereto submit to the jurisdiction of the Courts.

in the Province of Ontario.

- g) Time shall be of the essence of this Agreement.
- h) This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.
- i) This Agreement may be signed or executed in separate counterparts and the signing or execution of a counterpart shall have the same effect as the signing or execution of a single original agreement.
- j) Notwithstanding the actual date of execution of this Agreement, the parties agree that this Agreement shall be effective of and from the day and year first above written.
- k) No amendment of any provision of this Agreement shall be binding on either party unless agreed to in writing by each of the parties. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver unless otherwise provided.
- l) If any provision of this Agreement is determined by a Court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions of this Agreement, and each provision of this Agreement is declared to be separate, severable and distinct.
- m) Any notice, designation, communication, request, demand or other document required or permitted to be given or sent or delivered hereunder to any party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is:
 - i) delivered personally to an officer or director of such party;
 - ii) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or
 - iii) sent by telecopy machine.

Notices shall be sent to the following addresses or telecopy numbers:

- i) in the case of the Lender to:
87 Huron Street, Saugeen Shores, Ontario N0H 2L0
- ii) in the case of the Borrower to:
121 Oak Park Drive, Waterloo, Ontario N2K 0B3

or to such other address or telecopier number as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to

the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall

- i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
 - ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth business day following the date of mailing, unless at any time between the date of mailing and the fourth business day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service, and
 - iii) if sent by telecopy machine, be deemed to have been given, sent, delivered and received on the date the sender receives the telecopy answer back confirming receipt by the recipient.
- n) Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.

[Remainder of Page is Intentionally Left blank - Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the undersigned effective as of the date and year first written above.

**DEEM MANAGEMENT SERVICES
LIMITED**

Per: 

Name: Robert Dal Bianco

Title: President

I have authority to bind the Corporation.

Witness

Donald Dal Bianco

860

IN WITNESS WHEREOF this Agreement has been executed by the undersigned effective as of the date and year first written above.

DEEM MANAGEMENT SERVICES LIMITED

Per: *Robert Dal Bianco*

Name: Robert Dal Bianco
Title: President

I have authority to bind the Corporation.

[Signature]
Witness

Donald Dal Bianco
Donald Dal Bianco

APPENDIX “K”

Trade Date	Entry Code	Quantity	Description	Currency
4/2/2012	CHQ	-132,737.09	WTHDRAWAL 47500737 T/P 1765414 ONT INC PINEHAVEN SNR RESDNTL DEVEL OF	CAD
4/2/2012	TFR	132,737.09	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
5/4/2012	CHQ	-183,391.10	WTHDRAWAL 47500759 T/P 1765414 ONT	CAD
5/4/2012	TFR	183,391.10	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
6/7/2012	CHQ	-129,524.25	WTHDRAWAL 47500783 T/P 1765414 ONT INC RE PINEHAVEN SNR RESIDENTIAL	CAD
6/7/2012	TFR	129,524.25	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
7/6/2012	CHQ	-242,610.83	P/D CHEQUE #47500800 1765414 ONTARIO INC (MAXION)	CAD
7/6/2012	TFR	242,610.83	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
8/3/2012	CHQ	-167,752.65	WTHDRAWAL 47500811 T/P 1765414 ONT INC RE: PINEHAVEN SNR RESIDN DEVEL	CAD
8/3/2012	TFR	167,752.65	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
9/6/2012	CHQ	-215,248.51	WTHDRAWAL 47500821 T/P 1765414 ONT INC (MAXION) RE PINEHAVEN SNR RESD	CAD
9/6/2012	TFR	215,248.51	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
10/11/2012	CHQ	-211,907.18	WTHDRAWAL 47500840 T/P 1765414 ONTARIO INC (MAXION)	CAD
10/11/2012	TFR	211,907.18	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
12/6/2012	CHQ	-333,909.16	WTHDRAWAL 47500873 T/P 1765414 ONTARIO INC (RE PINEHAVEN SNR)	CAD
12/6/2012	CHQ	-134,697.31	WTHDRAWAL 47500874 T/P 1765414 ONTARIO INC (RE PINEHAVEN SNR)	CAD
12/6/2012	TFR	134,697.31	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
12/6/2012	TFR	333,909.16	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
1/30/2013	CHQ	-85,312.25	WTHDRAWAL 47500901 T/P 1765414 ONT INC (MAXION)	CAD
1/30/2013	TFR	85,312.25	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
2/27/2013	CHQ	-125,571.10	WTHDRAWAL 47500915 T/P 1765414 ONT INC (MAXION) RE PINEHAVEN SNR RESD	CAD
2/27/2013	CHQ	-8,587.82	WTHDRAWAL 47500916 T/P 1765414 ONT INC (MAXION) RE PINEHAVEN SNR RESD	CAD
2/27/2013	TFR	125,571.10	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
2/27/2013	TFR	8,587.82	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
3/19/2013	CHQ	-238,456.73	WTHDRAWAL 47500924 T/P 1765414 ONT INC (MAXION) RE PINEHAVEN	CAD
3/19/2013	TFR	238,456.73	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
4/18/2013	CHQ	-214,408.99	WTHDRAWAL 47500936 T/P 1765414 ONT INC PINEHAVEN SNR RES (MAXION)	CAD
4/18/2013	TFR	214,408.99	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
5/16/2013	CHQ	-144,982.35	WTHDRAWAL 47500957 T/P 1765414 ONT INC (MAXION) PINEHAVEN SNR RESDNTL	CAD
5/16/2013	TFR	144,982.35	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
6/17/2013	CHQ	-161,391.13	WTHDRAWAL 47500968 T/P 1765414 ONT INC (MAXION) RE: PINEHAVEN SNR RSD	CAD
6/17/2013	TFR	161,391.13	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD
7/19/2013	CHQ	-120,770.91	WTHDRAWAL T/P 1765414ONT(MAXION)47500982	CAD
7/19/2013	TFR	120,770.91	4483 Donald Dal Bianco to 4484 Deem Manag ement	CAD

8/26/2013	CHQ	-95,640.36	WTHDRAWAL 47500997 T/P 17654140NT MAXION	CAD
8/26/2013	TFR	95,640.36	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
10/4/2013	CHQ	-171,843.87	WTHDRAWAL 47501019 T/P 1765414 ONT (MAXION)	CAD
10/4/2013	TFR	171,843.87	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
10/22/2013	CHQ	-171,303.90	P/D CHEQUE # 47501028 PAYEE: 1765414 ONTARIO INC (MAXION)	CAD
10/22/2013	TFR	171,303.90	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
11/19/2013	CHQ	-208,663.30	WTHDRAWAL 47501036 1765414 ONT INC	CAD
11/19/2013	TFR	208,663.30	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
11/22/2013	CHQ	-210,403.10	WTHDRAWAL 47501038 T/P 1765414 ONT (MAXION) PINEHAVEN SNR RESD	CAD
11/22/2013	TFR	210,403.10	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
12/19/2013	CHQ	-426,146.57	AS OF 12/19/13 P/D CHEQUE #:47501057 1765414 ONTARIO INC(MAXION)	CAD
12/19/2013	TFR	426,146.57	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
1/23/2014	CHQ	-87,529.35	WTHDRAWAL 47501073 T/P 17654140NT INC (MAXION) PINEHAVEN SNR RESD DE	CAD
1/23/2014	TFR	87,529.35	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
2/27/2014	CHQ	-240,238.55	WTHDRAWAL 47501095 T/P 1765414 ONT INC (MAXION) PINEHAVEN SNR RSD DEV	CAD
2/27/2014	TFR	240,238.55	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
3/24/2014	CHQ	-197,767.84	AS OF 03/24/14 POSTDATE CHEQUE # 47501100	CAD
3/24/2014	TFR	197,767.84	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
4/22/2014	TFR	248,369.59	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
4/23/2014	CHQ	-248,369.59	P/D CHEQUE # 47501116 1765414 ONTARIO INC (MAXION)	CAD
5/30/2014	CHQ	-283,816.43	P/D CHEQUE # 47501125 1765414 ONTARIO INC (MAXION)	CAD
5/30/2014	TFR	283,816.43	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
7/9/2014	CHQ	-414,520.59	WTHDRAWAL 47501138 T/P 1765414 ONT-MAXION	CAD
7/9/2014	TFR	414,520.59	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
7/18/2014	CHQ	-362,580.00	WTHDRAWAL 47501143 T/P 1765414 ONT INC (MAXION) PINEHAVEN SNR RESDNTI	CAD
7/18/2014	TFR	362,580.00	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
8/26/2014	CHQ	-360,379.10	WTHDRAWAL 47501165 T/P 1765414 ONT INC (MAXION) PINEHAVEN SNR RSD DEV	CAD
8/26/2014	TFR	360,379.10	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
9/24/2014	TFR	391,560.47	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
9/25/2014	CHQ	-391,560.47	AS OF 09/25/14 47501186 CHQ ISSUED/COURIERED/LEK	CAD
10/21/2014	CHQ	-307,735.78	WTHDRAWAL 47501197 T/P 1765414 ONT INC (MAXION) PINEHAVEN SNR RESD	CAD
10/21/2014	TFR	307,735.78	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
11/21/2014	CHQ	-252,202.04	WTHDRAWAL 47501208 T/P 1765414 ONT INC (MAXION) PINEHAVEN SNR RES DEV	CAD
11/21/2014	TFR	252,202.04	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
12/19/2014	TFR	212,743.36	4483 Donald Dal Bianco to 4484 Deem Managment	CAD
12/19/2014	CHQ	-212,743.36	P/D CHEQUE # 47501227 1765414 ONTARIO INC (MAXION)	CAD

1/22/2015 CHQ				
1/22/2015 TFR	224,240.91	-224,240.91	WTHDRAWVAL 47501245 T/P 1765414 ONT INC MAXION PINEHAVEN SNR RESD DEV CAD	CAD
	\$ 7,718,944.47	\$ (7,718,944.47)	4483 Donadi Dal Bianco to 4484 Deem Management	

APPENDIX "L"

Bernadine Linton

From: John C. Wolf
Sent: Monday, February 5, 2018 5:50 PM
To: Jeffrey M. Warren
Subject: FW: Deem Services
Attachments: demand letter to Deem.docx

John C. Wolf
jwolf@blaney.com
☎416-593-2994 | ☎416-596-2044

From: Heather Crase [mailto:hcrase@cassbishop.ca]
Sent: January 30, 2018 2:59 PM
To: rpdalbiano@gmail.com; John C. Wolf; dondalbianco@gmail.com
Cc: Peter Cass
Subject: Deem Services

Please find attached correspondence from Mr. Peter Cass.

Best Regards,
Heather Crase, Law Clerk
Corporate Manager

Direct: 905-633-3807
Tel: 905-632-7744 ext. 3807
Fax: 905-632-9076
Web: www.cassbishop.ca
Tell us how we're doing: www.cassbishop.ca/feedback

Cass & Bishop Professional Corporation
3455 Harvester Rd Unit 31
Burlington ON L7N 3P2

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Please note that I work from home on Fridays, but am checking my emails on a regular basis.

CASS & BISHOP*
BARRISTERS & SOLICITORS

3455 Harvester Rd Unit 31
Burlington ON L7N 3P2

TEL: 905-632-7744
FAX: 905-632-7850

www.cassbishop.ca

January 30th, 2018

Deem Management Services Limited
209 Lexington Road
Unit F2
Waterloo, ON N2K 2E1

Attention: Mr. Robert Dal Bianco

Dear Mr. Dal Bianco:

Re: Loan from Donald Dal Bianco

We are solicitors for Mr. Donald Dal Bianco. This is a demand that Deem Management Services Limited is to immediately repay the monies loaned to it by our client in the amount of \$9,765,538.94.

Please forward payment in full to our client, or to Cass & Bishop in trust, no later than **5 pm on January 31st, 2018.** Our bank details are attached. Per diem interest is to be added in the amount of \$2,140.39 for each day after today.

We have been instructed that if you fail to make the outstanding payment by such date, we are to take further steps to collect.

Yours very truly,

Cass & Bishop Professional Corporation

Peter H. Cass
PHC:HC

APPENDIX “M”

Bernadine Linton

From: Peter Cass <pcass@cassbishop.ca>
Sent: Thursday, February 1, 2018 5:22 PM
To: John C. Wolf; Jeffrey M. Warren
Cc: Don Dal Bianco; Heather Crase
Subject: Demand Loan owed by Deem Management Services limited to Donald Dal Bianco

Further to our demand letter, we have filed the resignation of Donald Dal Bianco from his position as director. As well, he will no longer be Chairman and President.

I am recommending to our client that he assert his rights as creditor, unless we can reach an agreement that better protects his debt in a way that is satisfactory to him.

If you have a proposal to make to him, please do so immediately.

Otherwise, I will seek instructions to take further steps on a unilateral basis.

Peter H. Cass

Please note that I am away Friday afternoons from noon on.

Direct: 905-633-3818

Tel: 905-632-7744 ext. 3818

Fax: 905-632-9076

Web: www.cassbishop.ca

Tell us how we're doing: www.cassbishop.ca/feedback

Cass & Bishop Professional Corporation

3455 Harvester Rd Unit 31

Burlington ON L7N 3P2

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APPENDIX "N"

Bernadine Linton

From: John C. Wolf
Sent: Monday, February 5, 2018 5:49 PM
To: Jeffrey M. Warren
Subject: FW: Draft Documents RE Dal Bianco
Attachments: Acknowledgement and Direction RE Charge.pdf; Acknowledgement and Direction RE Notice of Agreement Amending Charge.pdf; Dal Bianco and DEEM Agreement Amending Charge.pdf; FCT LENDER POLICY QUOTE CUC72201490.doc-CVT72201519.pdf; Guarantee- Robert.doc; Loan Agreement v2.docx; GSA from Deem Services.docx; Guarantee.doc; GSA from Deem Limited.docx; Guarantee DML.doc; Share Pledge Agreement-Robert.docx

FYI

John C. Wolf
 jwolf@blaney.com
 ☎416-593-2994 | ☎416-596-2044

From: Heather Crase [mailto:hcrase@cassbishop.ca]
Sent: February 05, 2018 3:51 PM
To: Don Dal Bianco; John C. Wolf
Cc: Peter Cass; Joanne Morin; Joanna Beckley
Subject: FW: Draft Documents RE Dal Bianco

Don and John,

Here are our drafts to date. As I will be leaving for vacation tomorrow, please copy Joanna Beckley, who is copied on this email, on all future emails. She will be the corporate assistant helping Mr. Cass with this file.

Best Regards,
 Heather Crase, Law Clerk
 Corporate Manager

Direct: 905-633-3807
 Tel: 905-632-7744 ext. 3807
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Cass & Bishop Professional Corporation
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Please note that I work from home on Fridays, but am checking my emails on a regular basis.

ACKNOWLEDGEMENT AND DIRECTION

TO: Peter Cass
(Insert lawyer's name)

AND TO: CASS & BISHOP PROFESSIONAL CORPORATION
(Insert firm name)

RE: Mortgage to DONALD DAL BIANCO on 229 Lexington Road, Waterloo ("the transaction")
(Insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out in this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form attached hereto being a copy of the version of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as the date of the Agreement of Purchase and sale herein. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;
- The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
- I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
- I, _____, am the spouse of _____, the (Transferor/Chargor), and hereby consent to the transaction described in the Acknowledgment and Direction. I authorize you to indicate my consent on all the Documents for which it is required.

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

- A Transfer of the land described above.
- A Charge of the land described above.
- Other documents set out in Schedule "B" attached hereto.

Dated at _____, this _____ day of FEBRUARY, 2018.

WITNESS

(As to all signatures, if required)

DEEM MANAGEMENT SERVICES LIMITED

PER: ROBERT DAL BIANCO, PRESIDENT

I HAVE THE AUTHORITY TO BIND THE CORPORATION

GUARANTOR: ROBERT DAL BIANCO

LRO # 58 Charge/Mortgage

In preparation on 2018 02 05 at 14:18

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 1

Properties

PIN 22291 - 0628 LT **Interest/Estate** Fee Simple
Description PT. BLOCK A PLAN 1313, BEING PTS. 1, 4, 5 ON 58R-6774 & PT. 3 ON 58R-2194. S/T
 EASEMENT IN GROSS OVER PT. 1 ON 58R-17857, AS IN WR853469; CITY OF
 WATERLOO
Address 229 LEXINGTON ROAD
 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 DEEM MANAGEMENT SERVICES LIMITED

Acting as a company

Address for Service 121 Oak Park Drive, Waterloo, Ontario,
 N2K 0B3

I, Robert Dal Bianco, have the authority to bind the corporation.

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

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

Name DAL BIANCO, DONALD

Acting as an individual

Address for Service 87 Huron Street, Saugeen Shores, Ontario, N0H 2L0

Statements

Schedule: See Schedules

Provisions

Principal \$7,978,753.45 **Currency** CDN
Calculation Period not in advance
Balance Due Date On Demand
Interest Rate 8% compounded monthly, calculated daily
Payments
Interest Adjustment Date 2012 04 02
Payment Date 16th day of every month
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor Robert Dal Bianco

Additional Provisions

The mortgages, charges, and security granted hereby secures payment to the Secured Party of the principal amount of \$7,978,753.45 plus interest accrued plus compound on the unpaid principal amount and interest calculated at the rate of 8% per annum payable monthly, as well after as before maturity, default and judgment and interest on overdue interest at the aforesaid which may be reflected in a promissory note or notes and other security documents as amended from time to time (the "Obligations").

Interest accrued from the Interest Adjustment date to January 26, 2018 is \$1,795,417.60 as part of the Obligations.

Interest due on demand.

File Number

Chargee Client File Number :

042913002



Commercial Title Insurance Quote

Did you know you can order commercial title insurance online?

Place an order online between January 15 - April 15 and you will automatically be entered into our Try FCT Online and Win Contest for a chance to win exciting prizes! Visit commercialonline.fct.ca to learn how you can streamline your deals with FCT by ordering commercial title insurance online.

Commercial Title Insurance quote for
Peter Cass, Cass & Bishop Professional
Corporation

Date: February 5, 2018
FCT Reference No. 18036000876

Your File No. 042913002

Owner Policy Premium(s)	Not Selected
Loan Policy Premium(s)	\$5,635.13
Endorsement Fee(s):	
TOTAL One-Time Premium	Subtotal \$5,635.13
	PST \$450.81
	Total \$6,085.94

Transaction information:	
Lender	private lender
Purchase Price	\$0.00
Loan insured amount	\$7,978,753.45
Special considerations	

*Please note, if this mortgage is a construction mortgage or the mortgage allows for subsequent advances, additional endorsement fees apply (10% of the premium or a minimum of \$100.00 each endorsement).

Maximize efficiency for this transaction

Based on the information provided about the property and the types of policies you wish to order, below are the searches you are required to complete for the purpose of issuing a title insurance policy:

Searches (ON - Under/Mortgage)	Policy Requirements
Title Search	Subsearch (including deleted instruments) from the last arm's length transaction, together with a review of the Land Transfer Tax Affidavit for assumed mortgages Adjoining lands search, if applicable (similar name search only)
Execution Search	Financing: Borrower only Purchase: Borrower and Vendor
Corporate Search	Financing: Borrower only Purchase: Borrower and Vendor All vacant land: Corporate Document List (CDL)

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1.866.804.3112

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Commercial Title Insurance Quote

Realty Taxes (and utility accounts, if they form a lien)	Confirmation that there are no arrears(certificates not required)
Estoppel/Status Certificate	No
For coverage details and complete requirements please reference the appropriate Search Guidelines by visiting our resource library at FCT.ca.	

Quote created by Leonie Allen

The following information will be required when you are ready to place an order:

Document	
Solicitor Name & Contact Information	X
Title Search (<i>including deleted instruments</i>)	X
Execution Search	X
Current Corporate Profile , *CDL required if Notice of Change filed or Vacant Land	X
Power of Attorney?	X
If Leasehold: name of Landlord, Lease registration particulars and term of Lease	X
Tax and Utility searches(where Utilities form a lien)	X
Details of any unregistered commercial leases, if any	X
Mortgage Instructions	X
Realtor Information	X
Agreement of Purchase and Sale including amendments (if no real estate agent involved)	X
Details of unregistered easements, if any	
Survey, if available (if purchase involved)	
Estoppel/Status Certificate where land is a Condominium	X

To complete this order please call us at 1 866 804 3112 or visit [FCT.ca](#) to access our [online order forms](#).

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SECURITY AGREEMENT

(GENERAL)

February ,2018.

1. Secured Interest in Collateral

Deem Management Services Limited, a corporation incorporated under the laws of the Province of Ontario (the "Debtor") for valuable consideration grants, assigns, transfers, sets over, mortgages and charges

to **Donald Dal Bianco**, a resident of the Province of Ontario (the "Secured Party"), as and by way of a fixed and specific mortgage and charge, and grants to the Secured Party a security interest in the present and future undertaking, property and assets of the Debtor including without limitation the following property (the "Collateral"):

- (a) all goods now or hereafter comprising part of the inventory of the Debtor including but not limited to goods now or hereafter held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or finished goods;
- (b) all goods now or hereafter used or intended to be used in any business of the debtor (and which are not inventory including but not limited to fixtures, equipment, machinery, vehicles and other tangible personal property, whether described in Schedule "A" hereto or not;
- (c) all debts, demands and choices in action which are now due owing or accruing due to the Debtor, and all claims of any kind which the Debtor now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies;
- (d) all chattel paper now or hereafter owned by the Debtor;
- (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, now or hereafter owned by the Debtor;
- (f) with respect to the personal property described in subparagraphs (c), (d), and (e), all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (g) all shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;

- (h) all goodwill, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;
- (i) with respect to the personal property described in subparagraphs (a) to (h) inclusive, all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein; and
- (j) with respect to the personal property described in subparagraphs (a) to (i) inclusive, personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property destroyed or damaged.

In this paragraph, the words "goods", "inventory", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the Personal Property Security Act of Ontario including all amendments thereto (the "PPSA"). In this Agreement, any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof". In this Agreement, "Collateral" shall include the proceeds thereof.

2. Obligations Secured

The fixed and specific mortgages, charges and security interest granted hereby secures payment to the Secured Party of the principal amount of \$7,978,753.45 plus interest accrued from April 1st, 2012 to January 26, 2018 in the amount of \$1,795,417.60, plus compound on the unpaid principal amount and interest calculated at the rate of 8% per annum payable monthly, as well after as before maturity, default and judgment and interest on overdue interest at the aforesaid which may be reflected in a Loan Agreement and other security documents as amended from time to time. (the "Obligations").

3. Representations and Warranties

The Debtor represents and warrants as follows:

- (a) the Debtor is, or is to become, the beneficial owner of the Collateral;
- (b) the Debtor has, or will have when the Collateral is acquired, the right to create mortgages and charges of, and grant a security interest in, the Collateral in favour of the Secured Party;
- (c) the Collateral is, or will be when acquired, free and clear of all security interests, mortgages, hypothecs, charges, liens, encumbrances, taxes and assessments; and
- (d) this Agreement has been duly and properly authorized by all necessary action and constitutes a legal, valid and binding obligation of the Debtor.

4. Covenants

The Debtor hereby agrees that:

- (a) Maintain, Use, etc. - the Debtor shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) Insurance - the Debtor shall cause all of the Collateral which is of a character usually insured by businesses operating Collateral of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature of and to the extent that such Collateral is usually insured by businesses operating or using Collateral of a similar nature in the same or similar localities and shall maintain such insurance with loss if any payable to the Secured Party and shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party;
- (c) Rent, Taxes, Etc. - the Debtor shall pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payments;
- (d) Observe Law - the Debtor shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (e) Books, Records - the Debtor shall keep proper books of accounts in accordance with sound accounting practice and if in default the Debtors shall furnish to the Secured Party such financial information and statements relating to its business and the Collateral as the Secured Party may from time to time require and the Debtor if in default shall permit the Secured Party or its authorized agent at any time at the expense of the Debtor to examine the Collateral and to examine the books of accounts and other financial records and reports of the Debtor including but not limited to books of accounts and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (f) Information - the Debtor shall furnish to the Secured Party such information with respect to the Collateral and the insurance thereon as the Secured Party may from time to time require and the Debtor shall give written notice to the Secured Party of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral;

- (g) Other Encumbrances - the Debtor shall not, without the prior consent in writing of the Secured Party, create any security interest, mortgage, hypothec, charge, lien or other encumbrance upon the Collateral or any part thereof; and
- (h) Defend Title - the Debtor shall defend the title to the Collateral against all persons and shall, upon demand by the Secured Party furnish further assurance of title and further security for the Obligations and execute any written instruments or do any other acts necessary, to make effective the purposes and provisions of this Agreement; and
- (i) Change of Name - the Debtor shall not change its name or sell, exchange, assign or lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party except that until an event of default as described in paragraph 6 occurs, the Debtor may sell or lease inventory in the ordinary course of its business.

5. Immediate Possession

Upon failure by the Debtor to perform any of the agreements described in paragraph 4 hereof, the Secured Party is authorized and has the option to take possession of the Collateral and, whether it has taken possession or not, to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable solicitors' costs and legal expenses) incurred by the Secured Party in respect of the custody, preservation, use or operation of the Collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of 20% per annum, and shall be secured by this Agreement.

6. Events of Default

At the option of the Secured Party, the Obligations shall immediately become due and payable in full upon the happening of any of the following events:

- (a) if the Debtor shall fail to pay or perform when due any of the Obligations or any amount due and owing on any debt secured by its assets;
- (b) if the Debtor shall fail to perform any provisions of this Agreement or of any other agreement to which the Debtor and the Secured Party are parties;
- (c) if any of the representations and warranties herein is or becomes incorrect in any respect at any time;
- (d) if the Debtor or any guarantor of any of the Obligations ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

- (e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Debtor or any guarantor of any of the Obligations declared bankrupt or would up, or to have a receiver appointed in respect of the Debtor or of any guarantor of any of the Obligations or of any part of the Collateral or if any encumbrancer takes possession of any part thereof;
- (f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the debtor or any guarantor of any of the Obligations or if any distress or analogous process is levied upon the Collateral or any part thereof;
- (g) if the Secured Party in good faith believes that the prospect of payment or performance of any of the obligations is impaired.

7. Remedies

If pursuant to paragraph 6 hereof, the Secured Party declares that the Obligations shall immediately become due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a Debtor and a Secured Party respectively under the PPSA and those provided by this Agreement. The Secured Party may take immediate possession of the Collateral and enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law and may require the Debtor to assemble and deliver the Collateral or make the Collateral available to the Secured Party at a reasonably convenient place designated by the Secured Party. The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or of any part thereof or may by instrument in writing appoint any person to be a receiver of the Collateral or of any part thereof and may remove any receiver so appointed by the Secured Party and appoint another in his stead; and any such receiver appointed by instrument in writing shall have power (a) to take possession of the Collateral or any part thereof, (b) to carry on the business of the Debtor, (c) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of the business of the Debtor on the security of the Collateral in priority to the mortgage and charge and security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that any such receiver shall be deemed the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such receiver.

8. Expenses

Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including reasonable solicitors' fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by the Secured party towards the payment of the Obligations in such order of application as the Secured Party may from time to time effect. All such expenses and all amounts borrowed on the security of the Collateral under paragraph 7 hereof shall bear interest at 18% per annum and

shall be Obligations under this Agreement. If the disposition of the Collateral fails to satisfy the Obligations and the expenses incurred by the Secured Party, the Debtor shall be liable to pay for any deficiency on demand.

9 Miscellaneous

The Debtor further agrees that:

- a. the Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the payment in full of the Obligations including charges, expenses, fees, costs and interest;
- b. any failure by the Secured Party to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Obligations secured by this Agreement;
- c. all rights of the Secured Party hereunder shall be assignable and in any action brought by an assignee to enforce such rights, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or may hereafter have against the Secured Party;
- d. all rights of the Secured Party hereunder shall enure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall bind the Debtor, his heirs, executors, administrators, successors and assigns;
- e. if more than one person executes this Agreement as Debtor, their obligations under this Agreement shall be joint and several;
- f. this Agreement shall be governed in all respects by the laws of the Province of Ontario;
- g. the Debtor hereby acknowledges receipt of a copy of this Agreement;
- h. the Agreement shall become effective when it is signed by the Debtor;
- i. the Debtor acknowledges receiving an executed copy of this Agreement; and
- j. All or any part of the principal sum may be repaid at any time or times without notice or bonus.

IN WITNESS WHEREOF THE PARTIES HAVE HERETO AFFIXED THEIR HANDS AND SEALS.

SIGNED, SEALED AND DELIVERED

) **Deem Management Services Limited**

)

)

)

in the presence of:

)

Per: _____

)

Robert Dal Bianco-Director (Debtor)

)

)

)

I have authority to bind the corporation

)

)

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)

)

Donald Dal Bianco (Secured Party)

GUARANTEE

THIS GUARANTEE dated as of the day of , 2018, is made by **Deem Management Limited** (herein referred to as the "Guarantor"), in favour of **Donald Dal Bianco** (herein referred to as the "Lender").

WHEREAS:

- A. DEEM MANAGEMENT SERVICES LIMITED, a corporation duly incorporated pursuant to the laws of the Province of Ontario (herein referred to as the "Borrower"), has issued in favour of the Lender a Loan Agreement dated April 1st, 2012 (such Loan Agreement as it may hereafter be amended, modified, supplemented, renewed, substituted or replaced from time to time is herein referred to as the "Loan Agreement") pursuant to which the Borrower has agreed to repay its indebtedness to the Lender.
- B. The Borrower has provided a General Security Agreement in favour of the Lender to secure the indebtedness owed by it to the Lender, copy attached as Schedule "A";
- C. Robert Dal Bianco ("Robert") has provided a Guarantee in favour of the Lender as additional security for the indebtedness owed by the Borrower under the Loan Agreement to the Lender, copy attached as Schedule "B";
- B. The Guarantor has provided a General Security Agreement in favour of the Lender and wishes the Borrower to repay the indebtedness in accordance with the terms set out in the Loan Agreement and General Security Agreements provided by them in favour of the Lender and, therefore, he is willing to execute and deliver this Guarantee to the Lender.

NOW THEREFORE in consideration of the Lender amending repayment of the indebtedness in accordance with the Loan Agreement, granting forbearance under an agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Guarantor, the Guarantor agrees as follows:

1. **Interpretation.** All terms defined in the Loan Agreement and not otherwise defined herein and used in this Guarantee shall have the meanings ascribed thereto in the Loan Agreement.
2. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees, as a continuing obligation, payment to the Lender forthwith upon demand therefor of all present and future

indebtedness, obligations and liabilities of any kind whatsoever which the Borrower has incurred or may incur to the Lender arising under or in connection with the Loan Agreement (herein collectively referred to as the "obligations"). All amounts payable by the Guarantor hereunder shall be paid to the Lender at their address as aforesaid or as otherwise directed by the Lender. For greater certainty, this shall be a continuing, guarantee and shall cover all of the obligations now or hereafter existing and shall apply to and secure any ultimate balance due or remaining due to the Lender.

3. **Dealings With Borrower.** The Lender may make advances, grant accommodations, make payments, grant extensions of time, renewals or indulgences, take and give up securities including other guarantees, abstain from taking securities or from perfecting securities, cease or refrain from giving credit or making loans or advances, accept compositions, grant releases and discharges and otherwise deal with the Borrowers and with other parties and securities as the Lender sees fit, and apply all monies received from the Borrowers or others or from security upon such part of the obligations as it, in its absolute discretion, may think best, without the consent of, or notice to, the Guarantor and without prejudice to, or in any way limiting or lessening, the liability of the Guarantor hereunder. Without limiting the generality of the foregoing, the Guarantor hereby authorizes and empowers the Lender, in its sole and unfettered discretion, without any notice to the Guarantor or any other person, to exercise any right or remedy which the Lender may have against the Borrower or with respect to any security, whether real, personal or intangible, for the obligations, including judicial and non-judicial foreclosure, without affecting in any way the liability of the Guarantor hereunder and the Guarantor shall be liable to the Lender for any deficiency resulting from the exercise by the Lender of any such right or remedy, even though any rights or remedies which the Guarantor may have against the Borrowers or any other person may have been altered or diminished by the exercise of any such right or remedy.
4. **Recourse Against Borrower.** The Lender shall not be bound to exercise all or any of its rights and remedies or to exhaust its recourse against the Borrower or others or any security before being entitled to payment from the Guarantor under this Guarantee.
5. **Loss of Securities.** Any loss of, or neglect or omission with respect to any security held by the Lender, whether occasioned through the fault of the Lender or otherwise, shall not discharge in whole or in part, or limit or lessen the liability of the Guarantor hereunder.
6. **Settlement of Accounts.** Any account settled or stated between the Lender and the Borrower or admitted by or on behalf of the Borrower shall be accepted by the Guarantor as conclusive evidence that the

amount thereby appearing due by the Borrower to the Lender is so due.

7. **Change in Composition of Borrower.** Neither change in the name, objects, capital structure or constitution, membership, ownership or control of the Borrower nor any other circumstance including, without limitation, the amalgamation of the Borrowers with another corporation, any defect in, omission from, failure to file or register or defective filings or registrations of any instrument under which the Lender has taken any security or collateral for payment of any of the Obligations or the performance or observance of any obligation of the Guarantor to the Lender or any circumstance affecting the Borrower or the Guarantor, which might otherwise afford a legal or equitable defence to the Guarantor or a discharge of the Guarantee shall affect or in any way limit or lessen the liability of the Guarantor hereunder.

8. **Waiver.** No delay on the part of the Lender in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Lender unless the same shall be in writing, duly signed on behalf of the Lender, and each such waiver, if any, shall apply with respect to the specific instance involved, and shall in no way impair the rights of the Lender or the obligations of the Guarantor to the Lender in any other respect at any other time.

9. **Guarantee of All Monies Borrowed.** All monies, advances, renewals and credits in fact borrowed or obtained by the Borrower from the Lender under or in connection with the Loan Agreement shall be deemed to form part of the obligations notwithstanding any incapacity, disability or lack of limitation of status or power of the Borrower or any of its directors, officers, employees, partners or agents thereof, or that the Borrower may not be a legal or sueable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, whether known to the Lender or not. The Lender shall not be obliged to enquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf, and monies, advances, renewals or credits in fact borrowed or obtained from the Lender in the professed exercise of any power of the Borrower or its directors, partners or agents shall be deemed to form part of the obligations hereby guaranteed even though the incurring of such monies, advances, renewals or credits was irregular, fraudulent, defective or informally effected or exceeded the powers of the Borrower or its directors, partners, or agents. Any part of the obligations which may not be recoverable from the Guarantor by the Lender on the basis of a

guarantee shall be recoverable by the Lender from the Guarantor as principal debtor in respect thereof and shall be paid to the Lender forthwith after demand therefor as herein provided.

10. **Assignment by Lender.** The Lender may from time to time and without notice to, or the consent of the Guarantor assign or transfer all or any of the obligations or any interest therein to any person and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such obligation or part thereof so transferred or assigned shall be and shall remain an obligation for the purpose of this Guarantee and any immediate and successive assignee or transferee of any obligation or any interest therein shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce this Guarantee to the same extent as if such person were the Lender. In the event of any such assignment or transfer, the Lender shall retain the right to enforce this Guarantee for its own benefit as to any obligation which has not been so assigned or transferred.
11. **Revival of Indebtedness.** The Guarantor agrees that, if at any time all or any part of any payment previously applied by the Lender to any obligation is or must be rescinded or returned by the Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Borrower), such obligation shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Lender had not been made.
12. **Postponement.** If the Lender receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, then the Guarantor shall not be entitled to claim repayment against the Borrower until the Lender's claim against the Borrower has been paid in full. In case of liquidation, winding-up or bankruptcy of the Borrowers (whether voluntary or involuntary) or if the Borrowers shall make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof in priority to the Guarantor until the Lender's claim has been paid in full, and the Guarantor shall continue to be liable hereunder up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing the Lender by the Borrower. In the event of the valuation by the Lender of any of its security and/or the retention thereof by the

Lender, such valuation and/or retention shall not, as between the Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of the obligations or any part thereof. Any and all rights the Guarantor may have as surety, whether at law, in equity or otherwise, that are inconsistent with any of the provisions contained in this Guarantee are hereby waived. The foregoing provisions of this paragraph shall not in any way limit or lessen the liability of the Guarantor under any other paragraph of this Guarantee.

13. **Legal Expenses.** The Guarantor shall from time to time upon demand by the Lender forthwith pay to the Lender all expenses (including reasonable legal fees) incurred by the Lender in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.
14. **Additional Security.** This Guarantee is, in addition to, and not in substitution for, and without prejudice to, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Lender and any other rights or remedies that the Lender might have.
15. **Taxes and Set-off.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions or any nature whatsoever. If, at any time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives a net sum equal to the sum which it would have received had no deduction or withholding been required.
16. **Demand for Payment.** A demand for payment shall be deemed to have been given where a notice in writing containing such a demand is sent by registered and receipted mail or prepaid courier to the Guarantor at the address of the Guarantor as supplied to the Lender from time to time. Any such notice shall be deemed to have been received on the date of delivery.
17. **Responsibility to Keep Informed.** So long as any of the obligations remain unpaid or outstanding, the Guarantor assumes all responsibility for being and keeping himself informed of the financial condition of the Borrower and of all circumstances bearing upon the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee.
18. **No Escrow.** Possession of this Guarantee by the Lender shall be

conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent have been complied with unless, at the time or receipt of this Guarantee by the Lender, the Guarantor obtains from the Lender a letter setting out the terms and conditions under which this Guarantee was delivered and the conditions, if any, to be observed before it becomes effective.

19. **Governing Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the courts of the Province of Ontario and acknowledges their competence and agrees to be bound by any judgment thereof except that nothing herein shall limit the Lender's right to bring proceedings against the Guarantor elsewhere.
20. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Lender and its administrators, successors and assigns and shall be binding upon the Guarantor and his executors, administrators, successors and permitted assigns.
21. **Time.** Time is of the essence with respect to the terms and provisions of this Guarantee and the times for performance of the obligations of the Guarantor under this Guarantee are to be strictly construed.

IN WITNESS WHEREOF, this Guarantee has been made and delivered under seal as of the date first above written.

Deem Management Limited

Per:

Authorized Signing Officer

ACKNOWLEDGEMENT AND DIRECTION

TO: Peter Cass
(Insert lawyer's name)

AND TO: CASS & BISHOP PROFESSIONAL CORPORATION
(Insert firm name)

RE: Notice RE Amending Agreement to Charge on 990 Edward Street, Prescott ("the transaction")
(Insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out in this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form attached hereto being a copy of the version of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as the date of the Agreement of Purchase and sale herein. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;
- The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
- I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
- I, _____, am the spouse of _____, the (Transferor/Chargor) , and hereby consent to the transaction described in the Acknowledgment and Direction. I authorize you to indicate my consent on all the Documents for which it is required.

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

- A Transfer of the land described above.
 - A Charge of the land described above.
 - Other documents set out in Schedule "B" attached hereto.
- Dated at _____, this _____ day of FEBRUARY, 2018.

WITNESS

(As to all signatures, if required)

DEEM MANAGEMENT LIMITED

PER: ROBERT DAL BIANCO, PRESIDENT

I HAVE THE AUTHORITY TO BIND THE CORPORATION

GUARANTOR: ROBERT DAL BIANCO

LRO # 15 Notice

In preparation on 2018 02 05 at 14:17

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 1

Properties

PIN 68155 - 0294 LT
Description PT LT E, F PL 19 PRESCOTT AS IN PR66370; PRESCOTT
Address 990 EDWARD ST
 PRESCOTT

Consideration*Consideration* \$2.00**Applicant(s)**

The notice is based on or affects a valid and existing estate, right, interest or equity in land

Name DEEM MANAGEMENT LIMITED
 Acting as a company
Address for Service 121 Oak Park Drive, Waterloo, Ontario,
 N2K 0B3

I, Robert Dal Bianco, 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 DAL BIANCO, DONALD JOSEPH
 Acting as an individual
Address for Service 87 Huron Street, Saugeen Shores, Ontario, N0H 2L0

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

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, WIP Instru registered on 2010/04/16 to which this notice relates is deleted

Schedule:

File Number*Party To Client File Number :* 042913002

GUARANTEE

THIS GUARANTEE dated as of the day of , 2018, is made by **Robert Dal Bianco** (herein referred to as the "Guarantor"), in favour of **Donald Dal Bianco** (herein referred to as the "Lender").

WHEREAS:

- A. **DEEM MANAGEMENT SERVICES LIMITED**, a corporation duly incorporated pursuant to the laws of the Province of Ontario (herein referred to as the "Borrower"), has issued in favour of the Lender a Loan Agreement dated April 1st, 2012 (such Loan Agreement as it may hereafter be amended, modified, supplemented, renewed, substituted or replaced from time to time is herein referred to as the "Loan Agreement") pursuant to which the Borrower has agreed to repay its indebtedness to the Lender.
- B. The Borrower has provided a General Security Agreement in favour of the Lender to secure the indebtedness owed by it to the Lender, copy attached as Schedule "A";
- C. Deem Management Limited ("DML") has provided a General Security Agreement and Guarantee in favour of the Lender as additional security for the indebtedness owed by the Borrower under the Loan Agreement to the Lender, copy attached as Schedule "B";
- B. The Guarantor wishes the Borrower and DML, to repay the indebtedness in accordance with the terms set out in the Loan Agreement and General Security Agreements provided by them in favour of the Lender and, therefore, he is willing to execute and deliver this Guarantee to the Lender.

NOW THEREFORE in consideration of the Lender amending repayment of the indebtedness in accordance with the Loan Agreement, granting forbearance under an agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Guarantor, the Guarantor agrees as follows:

- 1. **Interpretation.** All terms defined in the Loan Agreement and not otherwise defined herein and used in this Guarantee shall have the meanings ascribed thereto in the Loan Agreement.
- 2. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees, as a continuing obligation, payment to the Lender forthwith upon demand therefor of all present and future indebtedness, obligations and liabilities of any kind whatsoever which

the Borrower has incurred or may incur to the Lender arising under or in connection with the Loan Agreement (herein collectively referred to as the "obligations"). All amounts payable by the Guarantor hereunder shall be paid to the Lender at their address as aforesaid or as otherwise directed by the Lender. For greater certainty, this shall be a continuing, guarantee and shall cover all of the obligations now or hereafter existing and shall apply to and secure any ultimate balance due or remaining due to the Lender.

3. **Dealings With Borrower.** The Lender may make advances, grant accommodations, make payments, grant extensions of time, renewals or indulgences, take and give up securities including other guarantees, abstain from taking securities or from perfecting securities, cease or refrain from giving credit or making loans or advances, accept compositions, grant releases and discharges and otherwise deal with the Borrowers and with other parties and securities as the Lender sees fit, and apply all monies received from the Borrowers or others or from security upon such part of the obligations as it, in its absolute discretion, may think best, without the consent of, or notice to, the Guarantor and without prejudice to, or in any way limiting or lessening, the liability of the Guarantor hereunder. Without limiting the generality of the foregoing, the Guarantor hereby authorizes and empowers the Lender, in its sole and unfettered discretion, without any notice to the Guarantor or any other person, to exercise any right or remedy which the Lender may have against the Borrower or with respect to any security, whether real, personal or intangible, for the obligations, including judicial and non-judicial foreclosure, without affecting in any way the liability of the Guarantor hereunder and the Guarantor shall be liable to the Lender for any deficiency resulting from the exercise by the Lender of any such right or remedy, even though any rights or remedies which the Guarantor may have against the Borrowers or any other person may have been altered or diminished by the exercise of any such right or remedy.
4. **Recourse Against Borrower.** The Lender shall not be bound to exercise all or any of its rights and remedies or to exhaust its recourse against the Borrower or others or any security before being entitled to payment from the Guarantor under this Guarantee.
5. **Loss of Securities.** Any loss of, or neglect or omission with respect to any security held by the Lender, whether occasioned through the fault of the Lender or otherwise, shall not discharge in whole or in part, or limit or lessen the liability of the Guarantor hereunder.
6. **Settlement of Accounts.** Any account settled or stated between the Lender and the Borrower or admitted by or on behalf of the Borrower shall be accepted by the Guarantor as conclusive evidence that the amount thereby appearing due by the Borrower to the Lender is so

due.

7. **Change in Composition of Borrower.** Neither change in the name, objects, capital structure or constitution, membership, ownership or control of the Borrower nor any other circumstance including, without limitation, the amalgamation of the Borrowers with another corporation, any defect in, omission from, failure to file or register or defective filings or registrations of any instrument under which the Lender has taken any security or collateral for payment of any of the Obligations or the performance or observance of any obligation of the Guarantor to the Lender or any circumstance affecting the Borrower or the Guarantor, which might otherwise afford a legal or equitable defence to the Guarantor or a discharge of the Guarantee shall affect or in any way limit or lessen the liability of the Guarantor hereunder.

8. **Waiver.** No delay on the part of the Lender in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Lender unless the same shall be in writing, duly signed on behalf of the Lender, and each such waiver, if any, shall apply with respect to the specific instance involved, and shall in no way impair the rights of the Lender or the obligations of the Guarantor to the Lender in any other respect at any other time.

9. **Guarantee of All Monies Borrowed.** All monies, advances, renewals and credits in fact borrowed or obtained by the Borrower from the Lender under or in connection with the Loan Agreement shall be deemed to form part of the obligations notwithstanding any incapacity, disability or lack of limitation of status or power of the Borrower or any of its directors, officers, employees, partners or agents thereof, or that the Borrower may not be a legal or sueable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, whether known to the Lender or not. The Lender shall not be obliged to enquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf, and monies, advances, renewals or credits in fact borrowed or obtained from the Lender in the professed exercise of any power of the Borrower or its directors, partners or agents shall be deemed to form part of the obligations hereby guaranteed even though the incurring of such monies, advances, renewals or credits was irregular, fraudulent, defective or informally effected or exceeded the powers of the Borrower or its directors, partners, or agents. Any part of the obligations which may not be recoverable from the Guarantor by the Lender on the basis of a guarantee shall be recoverable by the Lender from the Guarantor as

principal debtor in respect thereof and shall be paid to the Lender forthwith after demand therefor as herein provided.

10. **Assignment by Lender.** The Lender may from time to time and without notice to, or the consent of the Guarantor assign or transfer all or any of the obligations or any interest therein to any person and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such obligation or part thereof so transferred or assigned shall be and shall remain an obligation for the purpose of this Guarantee and any immediate and successive assignee or transferee of any obligation or any interest therein shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce this Guarantee to the same extent as if such person were the Lender. In the event of any such assignment or transfer, the Lender shall retain the right to enforce this Guarantee for its own benefit as to any obligation which has not been so assigned or transferred.
11. **Revival of Indebtedness.** The Guarantor agrees that, if at any time all or any part of any payment previously applied by the Lender to any obligation is or must be rescinded or returned by the Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Borrower), such obligation shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Lender had not been made.
12. **Postponement.** If the Lender receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, then the Guarantor shall not be entitled to claim repayment against the Borrower until the Lender's claim against the Borrower has been paid in full. In case of liquidation, winding-up or bankruptcy of the Borrowers (whether voluntary or involuntary) or if the Borrowers shall make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof in priority to the Guarantor until the Lender's claim has been paid in full, and the Guarantor shall continue to be liable hereunder up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing the Lender by the Borrower. In the event of the valuation by the Lender of any of its security and/or the retention thereof by the Lender, such valuation and/or retention shall not, as between the

Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of the obligations or any part thereof. Any and all rights the Guarantor may have as surety, whether at law, in equity or otherwise, that are inconsistent with any of the provisions contained in this Guarantee are hereby waived. The foregoing provisions of this paragraph shall not in any way limit or lessen the liability of the Guarantor under any other paragraph of this Guarantee.

13. **Legal Expenses.** The Guarantor shall from time to time upon demand by the Lender forthwith pay to the Lender all expenses (including reasonable legal fees) incurred by the Lender in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.
14. **Additional Security.** This Guarantee is, in addition to, and not in substitution for, and without prejudice to, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Lender and any other rights or remedies that the Lender might have.
15. **Taxes and Set-off.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions or any nature whatsoever. If, at any time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives a net sum equal to the sum which it would have received had no deduction or withholding been required.
16. **Demand for Payment.** A demand for payment shall be deemed to have been given where a notice in writing containing such a demand is sent by registered and receipted mail or prepaid courier to the Guarantor at the address of the Guarantor as supplied to the Lender from time to time. Any such notice shall be deemed to have been received on the date of delivery.
17. **Responsibility to Keep Informed.** So long as any of the obligations remain unpaid or outstanding, the Guarantor assumes all responsibility for being and keeping himself informed of the financial condition of the Borrower and of all circumstances bearing upon the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee.
18. **No Escrow.** Possession of this Guarantee by the Lender shall be conclusive evidence against the Guarantor that this Guarantee was not

delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent have been complied with unless, at the time or receipt of this Guarantee by the Lender, the Guarantor obtains from the Lender a letter setting out the terms and conditions under which this Guarantee was delivered and the conditions, if any, to be observed before it becomes effective.

19. **Governing Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the courts of the Province of Ontario and acknowledges their competence and agrees to be bound by any judgment thereof except that nothing herein shall limit the Lender's right to bring proceedings against the Guarantor elsewhere.
20. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Lender and its administrators, successors and assigns and shall be binding upon the Guarantor and his executors, administrators, successors and permitted assigns.
21. **Time.** Time is of the essence with respect to the terms and provisions of this Guarantee and the times for performance of the obligations of the Guarantor under this Guarantee are to be strictly construed.

IN WITNESS WHEREOF, this Guarantee has been made and delivered under seal as of the date first above written.

Witness

Robert Dal Bianco

GUARANTEE

THIS GUARANTEE dated as of the day of , 2018, is made by **Robert Dal Bianco** (herein referred to as the "Guarantor"), in favour of **Donald Dal Bianco** (herein referred to as the "Lender").

WHEREAS:

- A. **DEEM MANAGEMENT SERVICES LIMITED**, a corporation duly incorporated pursuant to the laws of the Province of Ontario (herein referred to as the "Borrower"), has issued in favour of the Lender a Loan Agreement dated April 1st, 2012 (such Loan Agreement as it may hereafter be amended, modified, supplemented, renewed, substituted or replaced from time to time is herein referred to as the "Loan Agreement") pursuant to which the Borrower has agreed to repay its indebtedness to the Lender.
- B. The Borrower has provided a General Security Agreement in favour of the Lender to secure the indebtedness owed by it to the Lender, copy attached as Schedule "A";
- C. Deem Management Limited ("DML") has provided a General Security Agreement and Guarantee in favour of the Lender as additional security for the indebtedness owed by the Borrower under the Loan Agreement to the Lender, copy attached as Schedule "B";
- B. The Guarantor wishes the Borrower and DML, to repay the indebtedness in accordance with the terms set out in the Loan Agreement and General Security Agreements provided by them in favour of the Lender and, therefore, he is willing to execute and deliver this Guarantee to the Lender.

NOW THEREFORE in consideration of the Lender amending repayment of the indebtedness in accordance with the Loan Agreement, granting forbearance under an agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Guarantor, the Guarantor agrees as follows:

1. **Interpretation.** All terms defined in the Loan Agreement and not otherwise defined herein and used in this Guarantee shall have the meanings ascribed thereto in the Loan Agreement.
2. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees, as a continuing obligation, payment to the Lender forthwith upon demand therefor of all present and future indebtedness, obligations and liabilities of any kind whatsoever which

the Borrower has incurred or may incur to the Lender arising under or in connection with the Loan Agreement (herein collectively referred to as the "obligations"). All amounts payable by the Guarantor hereunder shall be paid to the Lender at their address as aforesaid or as otherwise directed by the Lender. For greater certainty, this shall be a continuing, guarantee and shall cover all of the obligations now or hereafter existing and shall apply to and secure any ultimate balance due or remaining due to the Lender.

3. **Dealings With Borrower.** The Lender may make advances, grant accommodations, make payments, grant extensions of time, renewals or indulgences, take and give up securities including other guarantees, abstain from taking securities or from perfecting securities, cease or refrain from giving credit or making loans or advances, accept compositions, grant releases and discharges and otherwise deal with the Borrowers and with other parties and securities as the Lender sees fit, and apply all monies received from the Borrowers or others or from security upon such part of the obligations as it, in its absolute discretion, may think best, without the consent of, or notice to, the Guarantor and without prejudice to, or in any way limiting or lessening, the liability of the Guarantor hereunder. Without limiting the generality of the foregoing, the Guarantor hereby authorizes and empowers the Lender, in its sole and unfettered discretion, without any notice to the Guarantor or any other person, to exercise any right or remedy which the Lender may have against the Borrower or with respect to any security, whether real, personal or intangible, for the obligations, including judicial and non-judicial foreclosure, without affecting in any way the liability of the Guarantor hereunder and the Guarantor shall be liable to the Lender for any deficiency resulting from the exercise by the Lender of any such right or remedy, even though any rights or remedies which the Guarantor may have against the Borrowers or any other person may have been altered or diminished by the exercise of any such right or remedy.
4. **Recourse Against Borrower.** The Lender shall not be bound to exercise all or any of its rights and remedies or to exhaust its recourse against the Borrower or others or any security before being entitled to payment from the Guarantor under this Guarantee.
5. **Loss of Securities.** Any loss of, or neglect or omission with respect to any security held by the Lender, whether occasioned through the fault of the Lender or otherwise, shall not discharge in whole or in part, or limit or lessen the liability of the Guarantor hereunder.
6. **Settlement of Accounts.** Any account settled or stated between the Lender and the Borrower or admitted by or on behalf of the Borrower shall be accepted by the Guarantor as conclusive evidence that the amount thereby appearing due by the Borrower to the Lender is so

due.

7. **Change in Composition of Borrower.** Neither change in the name, objects, capital structure or constitution, membership, ownership or control of the Borrower nor any other circumstance including, without limitation, the amalgamation of the Borrowers with another corporation, any defect in, omission from, failure to file or register or defective filings or registrations of any instrument under which the Lender has taken any security or collateral for payment of any of the Obligations or the performance or observance of any obligation of the Guarantor to the Lender or any circumstance affecting the Borrower or the Guarantor, which might otherwise afford a legal or equitable defence to the Guarantor or a discharge of the Guarantee shall affect or in any way limit or lessen the liability of the Guarantor hereunder.

8. **Waiver.** No delay on the part of the Lender in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Lender unless the same shall be in writing, duly signed on behalf of the Lender, and each such waiver, if any, shall apply with respect to the specific instance involved, and shall in no way impair the rights of the Lender or the obligations of the Guarantor to the Lender in any other respect at any other time.

9. **Guarantee of All Monies Borrowed.** All monies, advances, renewals and credits in fact borrowed or obtained by the Borrower from the Lender under or in connection with the Loan Agreement shall be deemed to form part of the obligations notwithstanding any incapacity, disability or lack of limitation of status or power of the Borrower or any of its directors, officers, employees, partners or agents thereof, or that the Borrower may not be a legal or sueable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, whether known to the Lender or not. The Lender shall not be obliged to enquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf, and monies, advances, renewals or credits in fact borrowed or obtained from the Lender in the professed exercise of any power of the Borrower or its directors, partners or agents shall be deemed to form part of the obligations hereby guaranteed even though the incurring of such monies, advances, renewals or credits was irregular, fraudulent, defective or informally effected or exceeded the powers of the Borrower or its directors, partners, or agents. Any part of the obligations which may not be recoverable from the Guarantor by the Lender on the basis of a guarantee shall be recoverable by the Lender from the Guarantor as

principal debtor in respect thereof and shall be paid to the Lender forthwith after demand therefor as herein provided.

10. **Assignment by Lender.** The Lender may from time to time and without notice to, or the consent of the Guarantor assign or transfer all or any of the obligations or any interest therein to any person and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such obligation or part thereof so transferred or assigned shall be and shall remain an obligation for the purpose of this Guarantee and any immediate and successive assignee or transferee of any obligation or any interest therein shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce this Guarantee to the same extent as if such person were the Lender. In the event of any such assignment or transfer, the Lender shall retain the right to enforce this Guarantee for its own benefit as to any obligation which has not been so assigned or transferred.
11. **Revival of Indebtedness.** The Guarantor agrees that, if at any time all or any part of any payment previously applied by the Lender to any obligation is or must be rescinded or returned by the Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Borrower), such obligation shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Lender had not been made.
12. **Postponement.** If the Lender receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, then the Guarantor shall not be entitled to claim repayment against the Borrower until the Lender's claim against the Borrower has been paid in full. In case of liquidation, winding-up or bankruptcy of the Borrowers (whether voluntary or involuntary) or if the Borrowers shall make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof in priority to the Guarantor until the Lender's claim has been paid in full, and the Guarantor shall continue to be liable hereunder up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing the Lender by the Borrower. In the event of the valuation by the Lender of any of its security and/or the retention thereof by the Lender, such valuation and/or retention shall not, as between the

Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of the obligations or any part thereof. Any and all rights the Guarantor may have as surety, whether at law, in equity or otherwise, that are inconsistent with any of the provisions contained in this Guarantee are hereby waived. The foregoing provisions of this paragraph shall not in any way limit or lessen the liability of the Guarantor under any other paragraph of this Guarantee.

13. **Legal Expenses.** The Guarantor shall from time to time upon demand by the Lender forthwith pay to the Lender all expenses (including reasonable legal fees) incurred by the Lender in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.
14. **Additional Security.** This Guarantee is, in addition to, and not in substitution for, and without prejudice to, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Lender and any other rights or remedies that the Lender might have.
15. **Taxes and Set-off.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions or any nature whatsoever. If, at any time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives a net sum equal to the sum which it would have received had no deduction or withholding been required.
16. **Demand for Payment.** A demand for payment shall be deemed to have been given where a notice in writing containing such a demand is sent by registered and receipted mail or prepaid courier to the Guarantor at the address of the Guarantor as supplied to the Lender from time to time. Any such notice shall be deemed to have been received on the date of delivery.
17. **Responsibility to Keep Informed.** So long as any of the obligations remain unpaid or outstanding, the Guarantor assumes all responsibility for being and keeping himself informed of the financial condition of the Borrower and of all circumstances bearing upon the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee.
18. **No Escrow.** Possession of this Guarantee by the Lender shall be conclusive evidence against the Guarantor that this Guarantee was not

delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent have been complied with unless, at the time or receipt of this Guarantee by the Lender, the Guarantor obtains from the Lender a letter setting out the terms and conditions under which this Guarantee was delivered and the conditions, if any, to be observed before it becomes effective.

19. **Governing Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the courts of the Province of Ontario and acknowledges their competence and agrees to be bound by any judgment thereof except that nothing herein shall limit the Lender's right to bring proceedings against the Guarantor elsewhere.
20. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Lender and its administrators, successors and assigns and shall be binding upon the Guarantor and his executors, administrators, successors and permitted assigns.
21. **Time.** Time is of the essence with respect to the terms and provisions of this Guarantee and the times for performance of the obligations of the Guarantor under this Guarantee are to be strictly construed.

IN WITNESS WHEREOF, this Guarantee has been made and delivered under seal as of the date first above written.

Witness

Robert Dal Bianco

SHARE PLEDGE AGREEMENT

THIS AGREEMENT made as of the ___ day of February, 2018.

BETWEEN:

ROBERT DAL BIANCO

a person residing in the Province of Ontario

(hereinafter referred to as the "**Pledgor**")

- and -

DONALD DAL BIANCO

a person residing in the Province of Ontario

(hereinafter referred to as the "**Secured Party**")

WHEREAS _____ issued and outstanding _____ shares in the capital of Deem Management Services Limited and _____ issued and outstanding _____ shares in the capital of Deem Management Limited are owned by the Pledgor (the "**Pledged Shares**") and the Pledged Shares represent _____ percent of the issued and outstanding shares of Deem Management Services Limited and _____ percent of the issued and outstanding shares of Deem Management Limited (the "**Shares**") ;

AND WHEREAS Deem Management Services Limited (the "Borrower") is indebted to the Secured Party in the amount of \$7,978,753.45 together with accrued interest from April 1st, 2012 to January 26, 2018 in the amount of \$1,795,417.60 plus compound interest on the unpaid principal amount and interest calculated at the rate of 8% per annum payable monthly (the "**Indebtedness**") under the terms of a Loan Agreement executed by the Borrower in favour of the Secured Party, bearing even date with the date of this Agreement (the "**Promissory Note**");

AND WHEREAS the Pledgor has delivered to the Secured Party a guarantee, bearing even date with the date of this Agreement (the "**Guarantee**") pursuant to which the Pledgor has, among other things, guaranteed payment to the Secured Party of all present and future indebtedness and liability of the Borrower to the Secured Party under the Loan Agreement and any ultimate unpaid balance thereof, including interest thereon and all costs, charges, and expenses incurred in connection therewith (collectively the "**Guaranteed Indebtedness**");

AND WHEREAS the Pledgor has agreed to pledge the Pledged Shares to and in favour of the Secured Party as collateral security for the Guaranteed Indebtedness;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor and the Secured Party agree as follows:

ARTICLE 1.00 - INTERPRETATION

1.1 External Meanings

In this Agreement, words importing the singular number include the plural and vice versa

and words importing gender include the masculine, feminine, and neuter genders.

Section and Article headings are inserted for convenience of reference only and are not to be considered part of this Agreement or to be full or accurate descriptions of the contents of such sections and Articles.

ARTICLE 2.00 - GRANT OF SECURITY

2.1 Grant of Security

The Pledgor hereby assigns, pledges and hypothecates to the Secured Party, and grants to the Secured Party a first security interest in the Pledged Shares, whether now or in the future issued and outstanding, and the certificates representing such shares and all proceeds thereof including dividends, cash and other property from time to time received or receivable or any other distribution in respect of or in exchange for any or all of the Pledged Shares (collectively the "**Pledged Collateral**"), to be held by the Secured Party on and subject to the terms of this Agreement as collateral security for the payment of all Guaranteed Indebtedness.

2.2 Possession of Shares

The Pledgor shall deposit with the Secured Party the certificates representing the Pledged Shares. All certificates deposited pursuant to this Section 2.2 shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the securities represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer; provided, however, that the Secured Party shall have the right, at its option at any time, to transfer the Pledged Shares or any part thereof into its own name or that of its nominee so that the Secured Party or its nominee may appear of record as the sole owner thereof. In the event that the Secured Party elects to have the Pledged Shares registered in its own name, the Secured Party agrees that prior to the Secured Party making a demand for payment upon the Pledgor under the Guarantee, the Secured Party shall deliver promptly to the Pledgor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Pledgor or its designee a proxy or proxies to vote and take all action with respect to such property. At any time following the demand for payment upon the Pledgor under the Guarantee by the Secured Party, the Pledgor waives all rights to be advised of or to receive any notices, statements or communications received by the Secured Party or its nominee as such record owner, and agrees that no proxy or proxies given by the Secured Party to the Pledgor or its designee as aforesaid shall thereafter be effective.

2.3 Continuing Security

The security granted to the Secured Party under this Agreement shall be a continuing security and the pledge constituted hereby shall not be released, discharged or in any way affected by:

- (a) any increase or decrease in the amount of the Indebtedness;
- (b) an extension of time for payment of the Indebtedness;
- (c) any modification of any of the Indebtedness;
- (d) any change in the name or constitution of the Pledgor or the Borrower, as applicable; or

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- (e) any forbearance whatsoever whether as to time, performance or otherwise, or any compromise, arrangement or plan or reorganization affecting the Pledgor or the Borrower.

2.4 **Additional Shares**

If any additional Shares are issued after the date of this Agreement by the Borrower to the Pledgor (whether as a result of a consolidation, subdivision, conversion, or exchange of shares or otherwise), such additional Shares shall be beneficially owned only by the Pledgor and shall forthwith upon issuance or acquisition become part of the Pledged Collateral and shall be assigned, pledged, and hypothecated with and to the Secured Party under this Agreement, in each case in the same manner as the Pledged Shares that are issued and outstanding on the date of this Agreement. Prior to the transfer, registration, and delivery of such additional Shares and share certificates representing such additional Shares as provided for above, all such additional Shares and share certificates and all dividends, cash, or other property from time to time received in respect thereof shall be held by the Pledgor in trust for the Secured Party, segregated from the other property and funds of the Pledgor, and shall be immediately delivered over to the Secured Party on demand.

2.5 **Security Purposes of Pledge**

The assignment, pledge, and hypothecation of the Pledged Collateral provided for in this Agreement are intended solely for security purposes and upon payment in full of the Guaranteed Indebtedness and the termination of any and all commitments of the Secured Party relating thereto, the Secured Party shall, at the request and cost of the Pledgor, re-transfer or cause the re-transfer to the Pledgor at such time of the Pledged Collateral and the Secured Party or its agents shall, at the cost and expense of the Pledgor, register financing change statements evidencing the discharge of any registrations filed in connection herewith.

2.6 **Attachment**

The parties intend the security interest to attach on the date of this Agreement in the case of Pledged Collateral in which the Pledgor has an interest on such date and immediately upon the Pledgor obtaining any interest in the case of Pledged Collateral acquired by the Pledgor after the date of this Agreement.

ARTICLE 3.00 - DEALING WITH THE PLEDGED SHARES BEFORE DEFAULT

3.1 **Voting Rights**

So long as the Secured Party has not made any demand for payment upon the Pledgor under the Guarantee, the Pledgor shall be entitled to exercise any and all voting rights pertaining to the Pledged Shares for any purpose not inconsistent with the terms of this Agreement provided that the Pledgor shall not exercise or refrain from exercising any such right if, in the Secured Party's judgment, acting reasonably, such action would have a material adverse effect on the value of the Pledged Collateral.

3.2 **Dividends**

After the Secured Party has made a demand for payment upon the Pledgor under the Guarantee, all dividends and other distributions paid or payable in respect of the Pledged Shares shall be payable to the Secured Party and shall be credited to the Guaranteed Indebtedness, and shall, if received by the Pledgor, be received in trust for the benefit of the Secured Party, be segregated from the other

property and funds of the Pledgor, and be forthwith delivered to the Secured Party in the same form as received (with any necessary endorsement).

ARTICLE 4.00 - DEALING WITH THE SHARES AFTER DEMAND

4.1 Voting and Dividends

After the Secured Party has demanded payment by the Pledgor of the Guaranteed Indebtedness:

- (a) all rights of the Pledgor to exercise the voting and other consensual rights which the Pledgor would otherwise be entitled to exercise cease; and
- (b) all such rights shall immediately be vested in the Secured Party which shall have the sole right to exercise such voting and other consensual rights.
- (c) the Secured Party shall continue to be entitled to receive all dividends and other distributions payable in respect of any Pledged Shares as described in Section 3.2 hereof, and any such dividends and distributions shall, if received by the Pledgor, be received in trust for the benefit of the Secured Party, be segregated from the other property and funds of the Pledgor, and be forthwith delivered to the Secured Party in the same form as received (with any necessary endorsement).

4.2 Remedies on Default

After the Secured Party has demanded payment by the Pledgor of the Guaranteed Indebtedness, the Secured Party shall have, without obligation to resort to other security or to take recourse against any guarantor or other party liable, the right at any time and from time to time to sell, resell, assign, and deliver all or any of the Pledged Collateral or any part thereof in Canada or elsewhere, in one or more parcels, at the same or different times, and all right, title, interest, claim, and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for immediate or future delivery, and at such price or prices and on such terms as the Secured Party may determine, the Pledgor hereby agreeing that upon any such sale any and all equity and right of redemption shall be automatically waived and released without any further action on the part of the Pledgor, and in connection therewith the Secured Party may grant options, all without any demand, advertisement or notice, all of which are hereby expressly waived by the Pledgor. Until payment in full of the Guaranteed Indebtedness the Secured Party may, in its discretion, retain the Pledged Collateral or any part thereof as continuing collateral security as provided herein. The Secured Party may, in its own right, purchase all or any of the Pledged Collateral being sold, free of any equity or right of redemption. Any cash held by the Secured Party as Pledged Collateral and all proceeds of each such sale may at the discretion of the Secured Party be held as collateral for, or applied to the payment of, all costs and expenses referred to in section 6.4, and after deducting such costs and expenses, any residue may be held as collateral security for or be applied in payment of the Guaranteed Indebtedness in such order as the Secured Party may deem fit, with the Pledgor remaining liable for any deficiency. The balance, if any, remaining after payment in full of the Guaranteed Indebtedness shall be paid over the Pledgor, or to whomever else may be entitled to such balance by law. Notwithstanding the foregoing provisions of this section, the Secured Party shall not in any event be under any duty to do any of the foregoing. The Pledgor hereby ratifies all that the Secured Party shall do by virtue of the foregoing authority.

4.3 Exclusion from Liability

In realizing upon the Pledged Collateral, the Secured Party shall not be responsible for any loss occasioned by any sale or other realization thereof or for the failure to sell or otherwise dispose of the Pledged Collateral, and the Secured Party shall not be bound to protect the Pledged Collateral from depreciating in value.

4.4 **Remedies Cumulative**

The rights, powers, and remedies of the Secured Party under this Agreement shall not be deemed exclusive, but shall be cumulative with and in addition to all other rights, powers, and remedies existing at law, in equity, under statute, by agreement, or otherwise, including without limitation any right of the Secured Party to retain the Pledged Collateral pursuant to the *Personal Property Security Act* (Ontario).

ARTICLE 5.00 – REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PLEDGOR

5.1 **Representations, Warranties, and Covenants of the Pledgor**

The Pledgor represent, warrant, and covenant to and in favour of the Secured Party that:

- (a) The Pledged Collateral is validly pledged under this Agreement in accordance with law, and the Pledgor warrant and covenant to defend the Secured Party's right, security interest, and special property in and to the Pledged Collateral against the claims and demands of all persons whomsoever;
- (b) The Pledgor is the exclusive legal and beneficial owner of, and have good title to, all of the Pledged Collateral free and clear of all claims, liens, security interests, and other encumbrances (except for the security interests created by this Agreement and other security in favour of the Secured Party) and the Pledgor has the unfettered legal right to pledge and assign the Pledged Collateral in accordance with the terms and conditions of this Agreement;
- (c) The Shares constitute _____percent of the voting shares in the capital of Deem Management Services Limited and Deem Management Limited; and
- (d) No person, firm, or corporation has any right to acquire or cause to be issued to them any of the Pledged Collateral and the Pledgor shall not, while any Guaranteed Indebtedness is outstanding, without the prior written consent of the Secured Party:
 - (i) transfer, sell, or otherwise dispose of, or enter into any agreement to transfer, sell, or otherwise dispose of, or grant any option respecting, any of the Pledged Collateral; or
 - (ii) cause or permit to be issued any further Shares (except for Shares issued to the Pledgor which are pledged to the Secured Party pursuant to the terms of this Agreement).

All of the foregoing representations, warranties, and agreements made in this Agreement shall survive the execution and delivery of this Agreement and shall be deemed to be continuously made under this Agreement so long as any of the Guaranteed Indebtedness remains outstanding.

ARTICLE 6.00 - GENERAL

6.1 **Additional Security**

The security in respect of the Pledged Collateral provided for under this Agreement is in addition to and not in substitution for any other security now or hereafter held by the Secured Party in relation to the Guaranteed Indebtedness.

6.2 **Further Assurances, Immunities, etc.**

The Pledgor agrees to do, file, record, make, execute, and deliver all such acts, deeds, things, notices, and instruments as may be necessary or desirable in the opinion of the Secured Party to vest more fully in and assure to the Secured Party the security interests in the Pledged Collateral created by this Agreement or intended to be so created, and the enforcement and full realization of the rights, remedies, and powers of the Secured Party under this Agreement relating to the Pledged Collateral. Without limitation, if at any time after the date of this Agreement, whether or not due to any change in circumstances (including, without limitation, any change in applicable law), it is, in the opinion of counsel for the Secured Party necessary or desirable to file or record this Agreement or any financing statement or other instrument relating to this Agreement, the Pledgor agrees to pay all fees, costs, and expenses of such recording or filing and to execute and deliver any instruments which may be necessary or appropriate to make such filing or recording effective. The Pledgor irrevocably appoints the Secured Party as its attorney-in-fact to perform, in the name of the Pledgor, or otherwise, any and all acts and to execute any instruments which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement (including, without limitation, the signing and filing of financing statements and amendments to such financing statements, which the Secured Party may deem necessary or appropriate to effect and continue perfection of the security interests created or intended to be created by this Agreement) but nothing in this Agreement or otherwise shall require the Secured Party to take any such action.

6.3 **Duty of the Secured Party**

The duty of the Secured Party, with respect to the Pledged Collateral shall be confined to one of reasonable care in the custody thereof so long as the Pledged Collateral is in the custody of the Secured Party. Without limitation, and except as specifically provided for in this Agreement, the Secured Party shall have no duty to send any notices, perform any services, vote, pay for or renew any insurance, exercise any options or make any elections with respect to, or pay any taxes or charges associated with, or otherwise take any other action of any kind with respect to the Pledged Collateral. In addition, the Secured Party shall not have any obligation to take any steps, and the Pledgor shall in each case duly take all steps, necessary to perfect and otherwise preserve against all other parties (including without limitation other shareholders) the rights of the Pledgor and those of the Secured Party in the Pledged Collateral and each and every one of the Pledged Shares.

6.4 **Expenses**

The Pledgor agrees that the Pledged Collateral secures, in addition to the Guaranteed Indebtedness, and agrees to pay on demand, all reasonable expenses (including but not limited to reasonable agents fees and legal fees and expenses), of, or incidental to, the custody, care, sale, or realization of the Pledged Collateral or part of the Pledged Collateral or in any way relating to the preparation, execution, or delivery of this Agreement or the enforcement or protection of the rights of the Secured Party under this Agreement.

6.5 **No Merger**

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The Pledged Collateral shall not operate by way of merger of the Guaranteed Indebtedness or any indebtedness or liability of any other person or persons to the Secured Party and no judgment recovered by the Secured Party shall operate by way of merger of or in any way affect the security of the Pledged Collateral provided for under this Agreement.

6.6 **Extensions**

The Secured Party may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower and other parties, sureties, guarantors, or securities as the Secured Party may see fit without prejudice to the liability of the Pledgor or the rights of the Secured Party in respect of the Pledged Collateral.

6.7 **No Waiver**

No failure or delay on the part of the Secured Party in exercising any of its options, powers, and rights, and no partial or single exercise thereof, shall constitute a waiver thereof of or any other option, power or right.

6.8 **Indemnity**

The Pledgor shall be liable for, and shall indemnify and save the Secured Party harmless of and from all manner of action, causes of action, demands, claims, losses, costs, damages, and expenses of any and every nature whatsoever which the Secured Party may sustain, pay, or incur in respect of or in connection with :

- (a) any and all actions of the Pledgor pursuant to the exercise by the Pledgor of any voting or other rights respecting any of the Pledged Shares; or
- (b) the lawful and proper exercise or performance by the Secured Party of any of its rights and powers as authorized under this Agreement.

6.9 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated in all respect as an Ontario contract.

6.10 **Entire Agreement, Amendments etc.**

This agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof. No amendment, supplement, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by the party or parties to be bound thereby.

6.11 **Binding Nature**

This Agreement shall be binding upon and enure to the benefit of and be enforceable by

the parties to this Agreement and their respective successors and permitted assigns. The Secured Party may assign its rights under this Agreement without the consent of the Pledgor. The Pledgor may not assign its rights under this Agreement without the prior written consent of the Secured Party.

6.12 **Severability**

Any provisions of this Agreement which is prohibited or unenforceable in any applicable jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without affecting the validity or enforceability of such provision in any other jurisdiction.

7.00 - EXECUTION

7.1 **Counterpart**

This Agreement may be executed in counterparts and each such counterpart shall for all purposes constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the same counterpart, provided that each party has signed at least one counterpart.

[signature to follow]

WITNESS:

_____ as to the signature of Ronald Dal Bianco

_____ Name: Robert Dal Bianco

_____ Name: Donald Dal Bianco

AGREEMENT AMENDING CHARGE

THIS AGREEMENT effective as of the 2nd day of April, 2012

BETWEEN:

DEEM MANAGEMENT LIMITED

(the “Chargor”)

OF THE FIRST PART

- and -

DONALD JOSEPH DAL BIANCO

(hereinafter called the “Chargee”)

OF THE SECOND PART

WHEREAS 478729 Ontario Limited (“478729”) as chargor and Donald Joseph Dal Bianco (“Dal Bianco”) as charge entered into a Charge/Mortgage of Land registered in the Land Registry Office for the Land Titles Division of Grenville (No. 15) (the “Registry Office”) on the 16th day of April, 2010, as Instrument No. GC4794 (the “Charge”), mentioned all of its right, title and interest in the land and premises described herein to secure the payment of the principal sum ONE MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) with interest therein set out upon the terms therein mentioned;

AND WHEREAS the Property was transferred from 478729 to the Chargor by a Transfer/Deed of Land registered in the said Registry Office by Instrument No. GC9157 on the 18th day of November, 2010;

AND WHEREAS Deem Management Limited is the owner of the property municipally known as 990 Edward Street, Prescott, Ontario and legally described under Property Identifier Number 68155-0294 (LT) in the said Registry Office;

AND WHEREAS 478729 and the Chargee entered into a Charge/Mortgage of Land registered as Instrument GC4794 in the Registry Office on April 16th, 2010, which was subsequently amended by way of Instrument GC31525 registered on July 24th, 2014 to amend the Chargor from 478729 Ontario Limited to Deem Management Limited;

AND WHEREAS the parties desire to amend the Charge.

NOW THEREFORE in consideration of the sum of ONE (\$1.00) DOLLAR each paid to the other and other good and valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

1. CHARGE PROVISIONS

The following provisions of the Charge are amended to provide from and including the April 2nd, 2012:

Principal: \$7,978,753.45

Interest Rate: 8% compounded monthly, calculated daily, not in advance

Payable: On demand

Interest Adjustment Date: April 2, 2012

Additional Provisions:

- a. The mortgages, charges, and security granted hereby secures payment to the Secured Party of the principal amount of \$7,978,753.45 plus interest accrued plus compound on the unpaid principal amount and interest calculated at the rate of 8% per annum payable monthly, as well after as before maturity, default and judgment and interest on overdue interest at the aforesaid which may be reflected in a promissory note or notes and other security documents as amended from time to time (the "Obligations");
- b. Interest accrued from the Interest Adjustment date to January 26, 2018 is \$1,795,417.60 as part of the Obligations;
- c. Interest due on demand.

2. CONTINUATION

- a. In all other respects the parties hereto confirm the terms and conditions in the Charge and the lands described herein shall continue to be charged and shall be charged with the amount due or to accrue due thereon as provided herein.
- b. All security and ancillary documentation delivered by the Chargor to the Chargee shall continue in full force and effect and the Chargor agrees to abide by the terms therein.

3. ADDITIONAL PROVISIONS

- a. Provided that nothing herein contained shall create any merger or alter the rights of the Chargee as against the Chargor, any subsequent encumbrancer or other

person interested in the said lands, nor affect the liability of any person not a party hereto who may be liable to pay the said liabilities or the rights of any such person all of which rights are hereby reserved;

- b. In construing this document, the words "Chargor" and "Chargee" and all personal pronouns shall be read as the number and gender of the party or parties referred to herein requires and all necessary grammatical changes, as the context requires, shall be deemed to be made;
- c. The provisions of this document shall enure to and be binding upon the heirs, executors administrators, successors and assigns of each party and all covenants, liabilities and obligations shall be joint and several;
- d. "Charge" herein means the Charge, as amended;
- e. In all other respects the parties hereto confirm the terms and conditions in the Charge remain in full force and effect, unamended;
- f. The Chargor hereby acknowledges receipt of a copy of this agreement together with all ancillary documents related thereto;
- g. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

DEEM MANAGEMENT LIMITED

Per: _____

Name: Robert Dal Bianco

Title: President

I have the authority to bind the corporation.

Witness

Guarantor: Robert Dal Bianco

Witness

DONALD JOSEPH DAL BIANCO

LOAN AGREEMENT

THIS LOAN AGREEMENT dated effective the 1st day of April, 2012. ("**Effective Date**"),
BETWEEN:

Deem Management Services Limited,
a corporation duly incorporated pursuant
to the laws of the Province of Ontario
(hereinafter, the "**Borrower**")

- and -

Donald Dal Bianco , resident of the City of Burlington,
in the Province of Ontario
(hereinafter the "**Lender**")

PREAMBLE

WHEREAS:

- A. The Lender has agreed to make the Loan available to the Borrower;
- B. The parties wish to provide for the terms and conditions upon which the Loan shall be made available to the Borrower;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. DEFINITIONS

In this Loan Agreement:

- a) "**Advance** " means the advance of the Principal Sum;
- b) "**Advance Date**" means April 2nd, 2012 and all other later dates on which advances were made;
- c) "**Agreement**" shall mean this Loan Agreement between **Deem Management Services Limited** and **Donald Dal Bianco** with the effective date above;
- d) "**Applicable Law**" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies;
- e) "**Default**" means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;

- f) **“Event of Default”** has the meaning attributed to such term in Section 12;
- g) **“Interest”** shall mean 8% compounded monthly, calculated daily, not in advance;
- h) **“Payment Amount”** shall mean the sum payable on the corresponding Payment Date in accordance with Section 2 below;
- i) **“Payment Date”** shall mean the sixteenth day of every month commencing on the First Payment Date;
- j) **“Principal Sum”** shall mean the loan advance of \$7,978,753.45 in lawful money of Canada;

2. INTEREST ADJUSTMENT DATE

Interest shall accrue from the date of Advance and both principal and accrued interest are as shown on Schedule A attached.

3. SECURITY

The liability, indebtedness and obligations of the Borrower under the Loan shall be evidenced, governed and secured, as the case may be by this Agreement together with a General Security Agreement from the Borrower in favour of the Lender, a General Security Agreement from Deem Management Limited in favour of the Lender, a Guarantee in favour of the Lender from Robert Dal Bianco and a Share Pledge Agreement from Robert Dal Bianco in favour of the Lender for the shares held by him in Deem Management Services Limited and Deem Management Limited.

4. BORROWER’S NEGATIVE COVENANTS AND CONDITIONS

The Borrower covenants and agrees with the Lender that, so long as any portion of the Loan or any indebtedness or liabilities of the Borrower under this Agreement remains outstanding, it shall not, without the prior written consent of the Lender:

- a) With exception of any further security in favour of the Lender, grant or allow any lien, charge, security interest, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
- b) grant or allow any lien, charge, security interest, privilege, hypothec or any other encumbrance whatsoever, to be registered against the shares of the Corporate Guarantor or the Borrower;
- c) Become guarantor or endorser or otherwise become liable upon any note or

other obligation other than accounts payable incurred in the normal course of business;

- d) Declare or pay dividends on any class or kind of its shares, repurchase or redeem any of its shares or reduce its capital in any way whatsoever or repay any shareholders' advances of the Borrower;
- e) Amalgamate with or permit all or substantially all of its assets to be acquired by any other arm's length person, firm or corporation or permit any reorganization or change of control, or similar proceeding or arrangement or discontinuance of the business of the Borrower;
- f) Sell, transfer or otherwise dispose of, or create, grant, assume or suffer to exist any lien upon, any of its property and assets and the shares of the Borrower, except pursuant to the Security Documents and liens relating to governmental claims;
- g) Incur any further indebtedness, except accounts payable incurred in the ordinary course of business;
- h) Change its name;
- i) Permit any property taxes or strata fees to be past due at any time; or
- j) Permit any rent payable for the Premises to be past due at any time;
- k) Amend the organizational documents in a manner which would prejudice the Borrower's interest under this Loan Agreement;
- l) Enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder, connected, related, or associated corporation, or any other non-arm's length party;
- m) Issue any securities in the Borrower;
- n) Operate the business of the Borrower in a manner that would reasonably be expected to result in a material adverse effect; or
- o) Enter into any transaction or series of transactions, or any acquisitions or series of acquisitions which are outside the ordinary course of the business of the Borrower .

5. BORROWER'S POSITIVE COVENANTS AND CONDITIONS

The Borrower covenants and agrees with the Lender that, so long as any portion of the Loan or any indebtedness or liabilities of the Borrower under this Agreement remains outstanding, it shall:

- a) pay or cause to be paid every Payment Amount falling due hereunder on the dates and in the manner specified herein;
- b) do or cause to be done all things necessary or desirable to maintain its legal existence as a corporation duly incorporated pursuant to the laws of the Province of Ontario;
- c) comply with the requirements of all Applicable Law, and all contracts to which it is a party or by which it is bound;
- d) as soon as practicable after it shall become aware of the same, give notice to the Lender of the following events:
 - i. the commencement of any Proceeding against or affecting it;
 - ii. any development which might have a material adverse effect upon its ability to perform its obligations under this Agreement; and
 - iii. any Default or Event of Default, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;
- e) use the proceeds for general corporate purposes;
- f) shall (i) reimburse the Lender, on demand, for all reasonable out-of-pocket costs, charges and expenses incurred by or on behalf of the Lender (including, without limitation, the reasonable fees, disbursements and other charges of and (ii) reimburse the Lender, on demand, for all reasonable out-of-pocket costs charges and expense incurred by or on behalf of any of them (including the fees, disbursements and other charges of counsel) in connection with the enforcement of this Loan Agreement;
- g) do, execute, and deliver all such things, documents, security, agreements, and assurances that the Lender may from time to time request to ensure that the Lender holds at all times valid, enforceable, perfected, first priority Encumbrances; and
- h) upon the occurrence of either a Default or an Event of Default of which the Borrower is aware, the Borrower shall promptly deliver to the Lender a notice specifying the nature and date of occurrence of such Default or Event of Default, the Borrower's assessment of the duration and effect thereof and the action which the Borrower proposes to take with respect thereto.

6. FINANCIAL STATEMENTS AND REPORTS

- a) The Borrower shall deliver to the Lender from time to time and as required by the Lender in their sole discretion and with ten (10) days' notice to the Borrower, the following:

- i) Internally-prepared profit and loss statements and balance sheets for the Borrower;
 - ii) Pro forma financial statements, cash flow statement and budget for the following fiscal year of the Borrower; and
 - iii) Such additional financial statements and information as and when requested by the Lender.
- b) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently.

7. BORROWER'S REPRESENTATIONS AND WARRANTIES

- a) The Borrower has been duly incorporated and organized, is properly constituted, is in good standing and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;
- b) The execution of this Agreement and the Security Documents and the incurring of liability and indebtedness to the Lender does not and will not contravene:
 - i) Any Legal Requirement applicable to the Borrower, or
 - ii) Any provision contained in any other loan or credit agreement or borrowing instrument or contract to which the Borrower is a party;
- c) The Agreement and the Security Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and constitute valid and binding obligations of the Borrower, and are enforceable in accordance with the respective terms;
- d) All necessary authorizations, approvals, consents and orders have been obtained with respect to the Loan and the execution and delivery of the Security Documents;
- e) All financial and other information provided to the Lender in respect of this Agreement is true and accurate and acknowledges that reliance on the truth and accuracy of the information provided by the Borrower is made by the Lender;
- f) The execution, delivery and performance by the Lender and the Guarantors and the consummation of the transactions contemplated herein and therein, do not and will not conflict with, result in any material breach or violation of, or constitute a material default under, the terms, conditions or provisions of the charter or constating documents, agreement, or Applicable Law regulation, judgment, decree or order;
- g) The Borrower has good title to its property, assets and/or shares, free from any

lien or encumbrance and have not provided a security interest of any kind in the assets and/or shares;

8. ADDITIONAL CONDITIONS

- a) All payments by the Borrower to the Lender shall be made at the address set out in section 17(m) below or at such other place as the Lender may specify in writing from time to time. Any payment delivered or made to the Lender by 5:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made afterwards shall be credited as of the next business day;
- b) The Borrower acknowledges that the records of repayment of the Principal Sum in an account of the Borrower maintained by the Lender shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Loan shall not be affected by the failure of the Lender to make such recording. The Borrower also acknowledges being indebted to the Lender for principal amounts shown as outstanding from time to time in the Lender' records in accordance with the terms and conditions of this Agreement;
- c) The obligation of the Borrower to make all payments under this Agreement and the Security Documents shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - i) Any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Lender or anyone else for any reason whatsoever; or
 - ii) Any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower; and
- d) The Lender shall have all remedies, rights and powers available to him at law and in equity under this Agreement and the Security Documents. The obligations hereunder are joint and several between the Borrower and the Guarantors, and are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Lender and no delay or omission in exercise of such remedy, right, or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

9. EVENTS OF DEFAULT

- a) Without in any way derogating from the Lender' ability to demand repayment of the Loan at any time, the occurrence of any of the following events shall constitute an Event of Default:

- i) default by the Borrower in payment when due, by demand or otherwise, of a Payment Amount or any other amounts owing under this Agreement or any amount due and owing on any debt secured by its assets;
 - ii) default by the Borrower in the performance or observance of any covenant, condition or obligation contained in any Loan Document unless such default, if capable of being remedied, is remedied within five (5) business days after notice thereof by the Lender to the Borrower ;
 - iii) any representation or warranty made by the Borrower in any Security Document is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made;
 - iv) the Borrower admits its inability to pay their debts generally as they become due or otherwise acknowledges its insolvency;
 - v) the Borrower institutes any proceeding, or any proceeding is commenced against or involving the Borrower :
 - 1) seeking to adjudicate it a bankrupt or insolvent;
 - 2) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of it or making a proposal with respect to it under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws; or
 - 3) seeking appointment of a receiver, trustee in bankruptcy, agent, custodian or other similar official for it or for any part of its properties and assets;

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than fifteen (15) days from the institution of such first mentioned proceeding;
 - vi) any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any property or assets of the Borrower; or
 - vii) any of the security created by the Security Documents becomes ineffective or unperfected, unless such event is cured immediately upon the Borrower acquiring knowledge thereof or the Lender providing notice thereof, and provided there has been no prejudice to the Lender.
- b) Upon the occurrence of any Event of Default, the Lender may in their sole option:

- i) declare the remaining balance of the Principal Sum to be immediately due and payable (to the extent not previously demanded);
- ii) realize upon all or any part of the security granted pursuant to the Security Documents; or
- iii) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Security Documents) at such times and in such manner as either Lender, in its sole discretion, may consider expedient,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Security Documents.

For greater certainty, the occurrence of an Event of Default is not a precondition to the Lender's right to demand repayment of the Loan at any time. The Lender may, at any time and from time to time, review the Loan and in exercising its discretion to maintain or demand the Loan may consider factors other than the occurrence or non-occurrence of a Default or Event of Default hereunder.

10. NON-MERGER AND NON-ASSIGNMENT

- a) The terms and conditions of the Agreement shall not be merged by and shall survive the execution of the Security Documents. In the event of a conflict between the terms of this Agreement and the terms of the Security Documents, the terms of the Agreement shall prevail to the extent of such conflict.
- b) The Borrower shall not assign all or any of its rights, benefits or obligations under this Agreement without the prior written consent of the Lender.

11. WAIVER OR VARIATION

- a) No term or condition of this Agreement or any of the Security Documents may be waived or varied verbally or by any course of conduct by any officer, employee or agent of the Lender. All waivers must be in writing and signed by the waiving party.
- b) Any amendment to the Agreement or the Security Documents must be in writing and signed by a duly authorized officer of the Lender.

12. GENERAL

- a) The parties hereby confirm and ratify the matters contained and referred to in the preamble to this Agreement and agree that the same are expressly incorporated into this Agreement.

- b) This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings and negotiations, whether oral or written, and there are no general or specific warranties, representations or other agreements except as are herein specifically set forth.
- c) Whenever the singular, plural, masculine, feminine or neuter is used throughout this Agreement, the same shall be construed as meaning the singular, plural, masculine, feminine, neuter, body politic or body corporate wherever the fact or context so requires.
- d) All of the covenants, warranties and representations contained in this Agreement shall survive the closing and completion of this transaction and shall not merge on the closing of the transaction but shall continue to be in full force and effect for the benefit of the Vendor or the Purchaser, as the case may be.
- e) The parties hereto covenant and agree to do such things and execute such further documents, agreements, instruments or assurances as may reasonably be required by another party hereto from time to time in order to carry out the terms of this Agreement in accordance with their true intent.
- f) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. The parties hereto submit to the jurisdiction of the Courts in the Province of Ontario.
- g) Time shall be of the essence of this Agreement.
- h) This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.
- i) This Agreement may be signed or executed in separate counterparts and the signing or execution of a counterpart shall have the same effect as the signing or execution of a single original agreement.
- j) Notwithstanding the actual date of execution of this Agreement, the parties agree that this Agreement shall be effective of and from the day and year first above written.
- k) No amendment of any provision of this Agreement shall be binding on either party unless agreed to in writing by each of the parties. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver unless otherwise provided.
- l) If any provision of this Agreement is determined by a Court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions of this Agreement, and each provision of this

Agreement is declared to be separate, severable and distinct.

- m) Any notice, designation, communication, request, demand or other document required or permitted to be given or sent or delivered hereunder to any party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is:
- i) delivered personally to an officer or director of such party;
 - ii) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or
 - iii) sent by telecopy machine.

Notices shall be sent to the following addresses or telecopy numbers:

- i) in the case of the Lender:

87 Huron Street, Saugeen Shores, Ontario N0H 2L0
- ii) in the case of the Borrower:

121 Oak Park Drive, Waterloo, Ontario N2K 0B3

or to such other address or telecopier number as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall

- i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
- ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth business day following the date of mailing, unless at any time between the date of mailing and the fourth business day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service, and

- iii) if sent by telecopy machine, be deemed to have been given, sent, delivered and received on the date the sender receives the telecopy answer back confirming receipt by the recipient.
- n) Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.

IN WITNESS WHEREOF this Agreement has been executed by the undersigned effective the * day of *, *.

Deem Management Services Limited

I have authority to bind the Corporation.

Witness

Donald Dal Bianco

12

Schedule "A"

Repayment Schedule

SECURITY AGREEMENT

(GENERAL)

February ,2018.

1. Secured Interest in Collateral

Deem Management Limited, a corporation incorporated under the laws of the Province of Ontario (the "Debtor") for valuable consideration grants, assigns, transfers, sets over, mortgages and charges

to **Donald Dal Bianco**, a resident of the Province of Ontario (the "Secured Party"), as and by way of a fixed and specific mortgage and charge, and grants to the Secured Party a security interest in the present and future undertaking, property and assets of the Debtor including without limitation the following property (the "Collateral"):

- (a) all goods now or hereafter comprising part of the inventory of the Debtor including but not limited to goods now or hereafter held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or finished goods;
- (b) all goods now or hereafter used or intended to be used in any business of the debtor (and which are not inventory including but not limited to fixtures, equipment, machinery, vehicles and other tangible personal property, whether described in Schedule "A" hereto or not;
- (c) all debts, demands and choices in action which are now due owing or accruing due to the Debtor, and all claims of any kind which the Debtor now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies;
- (d) all chattel paper now or hereafter owned by the Debtor;
- (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, now or hereafter owned by the Debtor;
- (f) with respect to the personal property described in subparagraphs (c), (d), and (e), all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (g) all shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;

- (h) all goodwill, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;
- (i) with respect to the personal property described in subparagraphs (a) to (h) inclusive, all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein; and
- (j) with respect to the personal property described in subparagraphs (a) to (i) inclusive, personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property destroyed or damaged.

In this paragraph, the words "goods", "inventory", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the Personal Property Security Act of Ontario including all amendments thereto (the "PPSA"). In this Agreement, any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof". In this Agreement, "Collateral" shall include the proceeds thereof.

2. Obligations Secured

The fixed and specific mortgages, charges and security interest granted hereby secures payment to the Secured Party of the principal amount of \$7,978,753.45 plus interest accrued from April 1st, 2012 to January 26, 2018 in the amount of \$1,795,417.60, plus compound on the unpaid principal amount and interest calculated at the rate of 8% per annum payable monthly, as well after as before maturity, default and judgment and interest on overdue interest at the aforesaid which may be reflected in a Loan Agreement and other security documents as amended from time to time. (the "Obligations").

3. Representations and Warranties

The Debtor represents and warrants as follows:

- (a) the Debtor is, or is to become, the beneficial owner of the Collateral;
- (b) the Debtor has, or will have when the Collateral is acquired, the right to create mortgages and charges of, and grant a security interest in, the Collateral in favour of the Secured Party;
- (c) the Collateral is, or will be when acquired, free and clear of all security interests, mortgages, hypothecs, charges, liens, encumbrances, taxes and assessments; and
- (d) this Agreement has been duly and properly authorized by all necessary action and constitutes a legal, valid and binding obligation of the Debtor.

4. Covenants

The Debtor hereby agrees that:

- (a) Maintain, Use, etc. - the Debtor shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) Insurance - the Debtor shall cause all of the Collateral which is of a character usually insured by businesses operating Collateral of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature of and to the extent that such Collateral is usually insured by businesses operating or using Collateral of a similar nature in the same or similar localities and shall maintain such insurance with loss if any payable to the Secured Party and shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party;
- (c) Rent, Taxes, Etc. - the Debtor shall pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payments;
- (d) Observe Law - the Debtor shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (e) Books, Records - the Debtor shall keep proper books of accounts in accordance with sound accounting practice and if in default the Debtors shall furnish to the Secured Party such financial information and statements relating to its business and the Collateral as the Secured Party may from time to time require and the Debtor if in default shall permit the Secured Party or its authorized agent at any time at the expense of the Debtor to examine the Collateral and to examine the books of accounts and other financial records and reports of the Debtor including but not limited to books of accounts and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (f) Information - the Debtor shall furnish to the Secured Party such information with respect to the Collateral and the insurance thereon as the Secured Party may from time to time require and the Debtor shall give written notice to the Secured Party of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral;

- (g) Other Encumbrances - the Debtor shall not, without the prior consent in writing of the Secured Party, create any security interest, mortgage, hypothec, charge, lien or other encumbrance upon the Collateral or any part thereof; and
- (h) Defend Title - the Debtor shall defend the title to the Collateral against all persons and shall, upon demand by the Secured Party furnish further assurance of title and further security for the Obligations and execute any written instruments or do any other acts necessary, to make effective the purposes and provisions of this Agreement; and
- (i) Change of Name - the Debtor shall not change its name or sell, exchange, assign or lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party except that until an event of default as described in paragraph 6 occurs, the Debtor may sell or lease inventory in the ordinary course of its business.

5. Immediate Possession

Upon failure by the Debtor to perform any of the agreements described in paragraph 4 hereof, the Secured Party is authorized and has the option to take possession of the Collateral and, whether it has taken possession or not, to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable solicitors' costs and legal expenses) incurred by the Secured Party in respect of the custody, preservation, use or operation of the Collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of 20% per annum, and shall be secured by this Agreement.

6. Events of Default

At the option of the Secured Party, the Obligations shall immediately become due and payable in full upon the happening of any of the following events:

- (a) if the Debtor shall fail to pay or perform when due any of the Obligations or any amount due and owing on any debt secured by its assets;
- (b) if the Debtor shall fail to perform any provisions of this Agreement or of any other agreement to which the Debtor and the Secured Party are parties;
- (c) if any of the representations and warranties herein is or becomes incorrect in any respect at any time;
- (d) if the Debtor or any guarantor of any of the Obligations ceases or threatens to cease to carry on its business, commits and act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

- (e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Debtor or any guarantor of any of the Obligations declared bankrupt or would up, or to have a receiver appointed in respect of the Debtor or of any guarantor of any of the Obligations or of any part of the Collateral or if any encumbrancer takes possession of any part thereof;
- (f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the debtor or any guarantor of any of the Obligations or if any distress or analogous process is levied upon the Collateral or any part thereof;
- (g) if the Secured Party in good faith believes that the prospect of payment or performance of any of the obligations is impaired.

7. Remedies

If pursuant to paragraph 6 hereof, the Secured Party declares that the Obligations shall immediately become due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a Debtor and a Secured Party respectively under the PPSA and those provided by this Agreement. The Secured Party may take immediate possession of the Collateral and enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law and may require the Debtor to assemble and deliver the Collateral or make the Collateral available to the Secured Party at a reasonably convenient place designated by the Secured Party. The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or of any part thereof or may by instrument in writing appoint any person to be a receiver of the Collateral or of any part thereof and may remove any receiver so appointed by the Secured Party and appoint another in his stead; and any such receiver appointed by instrument in writing shall have power (a) to take possession of the Collateral or any part thereof, (b) to carry on the business of the Debtor, (c) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of the business of the Debtor on the security of the Collateral in priority to the mortgage and charge and security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that any such receiver shall be deemed the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such receiver.

8. Expenses

Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including reasonable solicitors' fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by the Secured party towards the payment of the Obligations in such order of application as the Secured Party may from time to time effect. All such expenses and all amounts borrowed on the security of the Collateral under paragraph 7 hereof shall bear interest at 18% per annum and

shall be Obligations under this Agreement. If the disposition of the Collateral fails to satisfy the Obligations and the expenses incurred by the Secured Party, the Debtor shall be liable to pay for any deficiency on demand.

9 Miscellaneous

The Debtor further agrees that:

- a. the Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the payment in full of the Obligations including charges, expenses, fees, costs and interest;
- b. any failure by the Secured Party to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Obligations secured by this Agreement;
- c. all rights of the Secured Party hereunder shall be assignable and in any action brought by an assignee to enforce such rights, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or may hereafter have against the Secured Party;
- d. all rights of the Secured Party hereunder shall enure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall bind the Debtor, his heirs, executors, administrators, successors and assigns;
- e. if more than one person executes this Agreement as Debtor, their obligations under this Agreement shall be joint and several;
- f. this Agreement shall be governed in all respects by the laws of the Province of Ontario;
- g. the Debtor hereby acknowledges receipt of a copy of this Agreement;
- h. the Agreement shall become effective when it is signed by the Debtor;
- i. the Debtor acknowledges receiving an executed copy of this Agreement; and
- j. All or any part of the principal sum may be repaid at any time or times without notice or bonus.

APPENDIX "O"

Gail Fairhart

From: Jeffrey M. Warren
Sent: Tuesday, February 6, 2018 7:02 PM
To: 'Peter Cass'
Cc: John C. Wolf; Joanna Beckley
Subject: RE: Don Dalbianco demand on Rob DalBianco/ Deem debt
Attachments: Forbearance Agreement_Feb 6 18 .docx

Peter,

Further to your message below, our client is seeking forbearance. In this regard, I attach a draft forbearance agreement for your review and consideration. Please note that the forbearance agreement has not yet been reviewed by John Wolf or our client and it is subject to any comments that they may have. I am sending it to you now to expedite your review.

Jeffrey M. Warren
 jwarren@blaney.com
 ☎416-593-3962 | ☎416-594-2434

From: Peter Cass [mailto:pcass@cassbishop.ca]
Sent: February 06, 2018 1:51 PM
To: Jeffrey M. Warren
Cc: John C. Wolf; Rob Dal Bianco (rpdalbiano@gmail.com); Don Dal Bianco; Joanna Beckley
Subject: RE: Don Dalbianco demand on Rob DalBianco/ Deem debt

Thank you . I see that my client has voting control of Deem MSL, and that your client has voting control of Uptown and Deem Management Ltd.

I need to know if your client is seeking forbearance, and then we can perhaps agree on terms.
 I will appreciate your response today...

Peter H. Cass

Please note that I am away Friday afternoons from noon on.

Direct: 905-633-3818
 Tel: 905-632-7744 ext. 3818
 Fax: 905-632-9076
 Web: www.cassbishop.ca
 Tell us how we're doing: www.cassbishop.ca/feedback

Cass & Bishop Professional Corporation
 3455 Harvester Rd Unit 31
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From: Jeffrey M. Warren [<mailto:jwarren@blaney.com>]
Sent: Tuesday, February 6, 2018 10:25 AM
To: Peter Cass <pcass@cassbishop.ca>
Cc: John C. Wolf <jwolf@blaney.com>; Rob Dal Bianco (rpdalbianco@gmail.com) <rpdalbianco@gmail.com>; Don Dal Bianco <dondalbianco@gmail.com>
Subject: RE: Don Dalbianco demand on Rob DalBianco/ Deem debt

Peter, further to your message below, attached is the Shareholders Register for Deem Management Limited and the Articles for each of Deem Management Limited, Deem Management Services Limited and The Uptown Inc.

Jeffrey M. Warren
jwarren@blaney.com
☎416-593-3962 | ☎416-594-2434

From: Peter Cass [<mailto:pcass@cassbishop.ca>]
Sent: February 05, 2018 5:47 PM
To: Jeffrey M. Warren
Cc: John C. Wolf; Rob Dal Bianco (rpdalbianco@gmail.com); Don Dal Bianco
Subject: RE: Don Dalbianco demand on Rob DalBianco/ Deem debt

And also the articles in each case, please, as I need to understand the attributes of the shares owned by Don Dal Bianco. I have rushed out the draft documents to you in the expectation that Deem will be seeking forbearance in respect of the demand made last week.
I think it's fair that we resolve the issues, if they can be resolved, this week.

Peter H. Cass

Please note that I am away Friday afternoons from noon on.

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From: Peter Cass
Sent: Monday, February 5, 2018 5:42 PM
To: 'Jeffrey M. Warren' <jwarren@blaney.com>

Cc: John C. Wolf <jwolf@blaney.com>; Rob Dal Bianco (rpdalbiano@gmail.com) <rpdalbiano@gmail.com>
Subject: RE: Don Dalbianco demand on Rob DalBianco/ Deem debt

Thanks, but I would also like the same information for Deem Management Limited.

Peter H. Cass

Please note that I am away Friday afternoons from noon on.

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From: Jeffrey M. Warren [<mailto:jwarren@blaney.com>]
Sent: Monday, February 5, 2018 4:30 PM
To: Peter Cass <pcass@cassbishop.ca>
Cc: John C. Wolf <jwolf@blaney.com>; Rob Dal Bianco (rpdalbiano@gmail.com) <rpdalbiano@gmail.com>
Subject: RE: Don Dalbianco demand on Rob DalBianco/ Deem debt

Jeffrey M. Warren
jwarren@blaney.com
☎416-593-3962 | ☎416-594-2434

Peter, further to your message to John below, attached are copies of the shareholder registers for Deem Management Services Limited and The Uptown Inc.

From: Peter Cass [<mailto:pcass@cassbishop.ca>]
Sent: February 05, 2018 10:11 AM
To: John C. Wolf
Cc: Don Dal Bianco; Heather Crase; Joanne Morin
Subject: Deem debt

John,
Further to our call this morning, I have recommended to my client that he add to his requirements, as pledge of his son's shares in both Deem corporations.
To that end, I will appreciate copies of the share registers in both.

The draft mortgage documents, the general security agreements, the personal guarantee, the loan agreement, and the share pledge agreement will follow shortly.

Peter H. Cass

Please note that I am away Friday afternoons from noon on.

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Tel: 905-632-7744 ext. 3818

Fax: 905-632-9076

Web: www.cassbishop.ca

Tell us how we're doing: www.cassbishop.ca/feedback

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Burlington ON L7N 3P2

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FORBEARANCE AGREEMENT

THIS AGREEMENT made the 6th day of February, 2018

A M O N G:

**ROBERT DAL BIANCO, DEEM MANAGEMENT SERVICES LIMITED,
DEEM MANAGEMENT LIMITED and THE UPTOWN INC.**
(hereinafter, collectively, referred to as the “**Debtors**”)

OF THE FIRST PART;

- and -

DONALD BAL BIANCO
(hereinafter referred to as the “**Lender**”)

OF THE SECOND PART;

WHEREAS:

- A. Commencing on April 1, 2012, the Lender made unsecured advances to Deem Management Services Limited from time to time in the amount of the Indebtedness on the basis that the Indebtedness is repayable on demand;
- B. On January 30, 2018, the Lender demanded repayment of the Indebtedness from Deem Management Services Limited;
- C. The Lender has rights and remedies against Deem Management Services Limited at law to recover the Indebtedness from Deem Management Services Limited if it fails to repay the Indebtedness on demand;
- D. Deem Management Services Limited has advised the Lender that it does not presently have sufficient cash resources or unencumbered assets to repay the Indebtedness to the Lender at this time and Deem Management Services Limited has requested that the Lender forbear from exercising its rights and remedies against Deem Management Services Limited; and
- E. The Lender has agreed to so forbear during the Forbearance Period (as that term is defined in Section 2.2 below), on and subject to the terms and conditions contained herein including, without limitation, that Deem Management Services Limited executes and delivers the Loan Agreement and each of the Debtors executes the Security Documents that it is a party to as described in Schedule “C”.

NOW THEREFORE, in consideration of the sum of ONE DOLLAR (\$1.00) now paid by each of the parties hereto to the other, the mutual covenants contained in this Agreement, and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Debtors and the Lender covenant and agree with each other as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

In this Agreement, in addition to other terms that may be defined in this Agreement, the following terms shall have the following meanings unless the context shall otherwise require:

- (a) “**Article**”, “**Section**”, “**Subsection**”, “**Paragraph**” or similar terms refer to the specified article, section, subsection, paragraph or other portion of this Agreement;
- (b) “**Business Day**” means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario or a municipal holiday in the City of Toronto;
- (c) “**Event of Default**” has the meaning set forth in Section 5.1 hereof;
- (d) “**Forbearance Period**” has the meaning set forth in Section 2.2 hereof;
- (e) “**Indebtedness**” has the meaning set forth in Section 2.1 hereof;
- (f) “**Loan Agreement**” means the loan agreement dated effective the 1st day of April, 2012 between Deem Management Services Limited and the Lender in the form attached hereto as Schedule “A”;
- (g) “**party**” or “**parties**” means any one or more of the parties referred to in this Agreement, as the context may require;
- (h) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative or governmental authority;
- (i) “**Prime Rate**” the minimum or prime lending rate of interest per annum of The Toronto-Dominion Bank as disclosed by it from time to time for Canadian dollar loans made in Canada to its most creditworthy commercial borrowers and adjusted automatically upon any change by The Toronto-Dominion Bank;
- (j) “**Properties**” means the real property described in Schedule “B” attached hereto; and
- (k) “**Security Documents**”, means collectively, the security documents granted by the Debtors to and in favour of the Lender listed in Schedule “C” hereto pursuant to which, among other things, each of the Debtors grants a security interest to and in favour of the Lender in all of his or its assets, property and undertaking including, without limitation, in all of the personal property owned by the Debtors and located at, situated on, relating to, used in connection with or generated or

derived from the use or disposition of the Properties, as security for the obligations of the Debtors to Deem Management Limited under the Loan Agreement; and (b) all existing security agreements granted by The Uptown Inc. to the Lender.

1.2 Schedules.

The following schedules are attached to and form part of this Agreement:

Schedule "A" - Loan Agreement
Schedule "B" - Legal Description of Properties
Schedule "C" - Security

ARTICLE 2 FORBEARANCE

2.1 Indebtedness.

Deem Management Services Limited acknowledges itself to be indebted to the Lender in the principal amount of \$9,765,538.94 (hereinafter referred to as the "**Indebtedness**") and each of the other Debtors acknowledges that they are liable to the Lender for all of the Indebtedness pursuant to guarantees provided by each of them to the Lender. The Debtors acknowledge that interest shall accrue on the Indebtedness from and after the date hereof at the Prime Rate plus 2% per annum, calculated daily and compounded monthly.

2.2 Forbearance.

In consideration of the execution and delivery of the Loan Agreement by Deem Management Services Limited and the execution and delivery by the Debtors of the Security Documents described in Schedule "C" attached hereto and on subject to the terms and conditions contained in this Agreement, the Lender agrees and covenants to refrain from exercising any and all of his rights and remedies against the Debtors to seek recovery of the Indebtedness from the Debtors including, without limitation, any and all rights and remedies arising pursuant to the Security Documents, at law or in equity from the date hereof until an Event of Default occurs (the "**Forbearance Period**"). Upon the expiration or termination of the Forbearance Period, the agreement of the Lender to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Lender to exercise its rights and remedies against the Debtors immediately.

2.3 Covenants of the Debtors.

During the Forbearance Period, each of the Debtors agrees and covenants with the Lender as follows:

- (a) to perform all of his or its respective agreements, covenants and obligations under the Loan Agreement and the Security Documents;

- (b) not to sell, convey, transfer, exchange, assign or otherwise dispose of, or enter into any agreement for the sale, transfer, exchange or other disposition of, any of his or its assets, property or undertaking that is subject to the Security Documents or charge, mortgage, grant a security interest in or otherwise encumber any of his or its assets, property or undertaking that is subject to the Security Documents, without the prior written consent of the Lender, which consent may be withheld by the Lender in his sole, subjective and absolute discretion; save and except that the foregoing shall not prevent Deem Management Services Limited from completing the purchase and sale of the lands and premises municipally known as 990 Edward Street North, Prescott, Ontario to Arch Long Term Care LP or its permitted assignee;
- (c) within one hundred and twenty (120) days after the end of its fiscal year, or more often if requested by the Lender, each of the Debtors that are corporations will deliver to the Lender unaudited financial statements including a Balance Sheet and supporting schedules, a detailed Statement of Income and Expenditures and supporting schedules, and a Statement of Change in Cash Flow. Each of the Debtors that is an individual will deliver to the Lender a net worth statement within one hundred and twenty (120) days after the end of each calendar year. Each of the Debtors will, upon the Lender's request, provide to the Lender such further financial information, reports or statements as may be requested by the Lender; from time to time;
- (d) upon reasonable notice, to provide the Lender with full access to all of their respective books and records at any time and from time to time. The Lender shall be entitled to appoint a certified public accountant to perform a financial audit of any of the Debtors, which financial audit shall be at the Debtor's expense and shall be added to the Indebtedness; and
- (e) to, from time to time, pay on demand the Lender's legal fees and disbursements in connection with this Agreement, the negotiations relating to this Agreement and the enforcement hereof (collectively, "**Legal Costs**"). The Lender may pay all such Legal Costs if the Debtors fail to promptly do so, whereupon the Lender may add such costs to the Loan and same shall be secured by the Security Documents.

2.4 Demand.

Each of the Debtors: (a) acknowledges receipt of a copy of the demand for payment of the Indebtedness made to Deem Management Services Limited by the Lender's solicitors on behalf of the Lender on January 30, 2018; and (b) agrees that, upon the termination of the Forbearance Period, such demand and notice shall be valid and need not be sent again by the Lender.

ARTICLE 3
ACKNOWLEDGEMENTS AND CONSENTS

3.1 Acknowledgments.

Each of the Debtors hereby confirms and acknowledges that:

- (a) the facts set out in the recitals are true, correct and accurate in all respects;
- (b) the Debtors are liable for the Indebtedness;
- (c) the Debtors hereby waive any claim any of them may assert that the Debtors were not afforded a “reasonable notice period” as determined by the common law, and hereby waive any further notice period; and
- (d) the Lender is fully entitled to exercise all of its rights and remedies against the Debtors.

3.2 Waiver and Release.

Each of the Debtors acknowledges that, to date, the actions of the Lender in connection with the Indebtedness and in entering into this Agreement have been fair and reasonable and each of them hereby confirms that as of the date hereof it has no claim whatsoever against the Lender. Each of the Debtors:

- (a) agrees to waive and not to assert or cause to be asserted on their behalf any defences, rights or claims with respect to any future enforcement of the Security Documents or any of the right, remedies and recourses of the Lender against the Debtors or any of their property; and
- (b) hereby releases and remises the Lender and his heirs, executors, administrators, estate trustees and assigns of and from any and all claims they, or any of them, may have against the Lender, and his heirs, executors, administrators, estate trustees and assigns as of the date hereof in respect of any cause, matter or thing relating to the Indebtedness.

Upon the request of the Lender, each of the Debtors will execute a full release in favour of the Lender. Further, in executing and delivering this Agreement, each of the Debtors confirms that he or it understands the effect of this Agreement, having sought or waived independent legal advice with respect thereto, and that he or it is acting freely and without duress.

3.3 Consent.

Each of the Debtors consents to the immediate enforcement of the Security Documents or any part thereof by the Lender, as the Lender deems appropriate in his sole, subjective and absolute discretion, subject only to the forbearance of the Lender as set out in Article 2 herein.

ARTICLE 4
REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties.

Each of the Debtors represents and warrants to the Lender and acknowledges that the Lender is relying on such representations and warranties in entering into this Agreement, as follows:

- (a) each of them has the power and authority to enter into and perform his or its obligations under this Agreement and the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate actions by each of them, as applicable; and
- (b) this Agreement does not conflict with or result in the breach or violation of or constitute a default under the constating documents or by-laws of any of them or any judgment, commitment, agreement or any other instruments or agreements to which any of them is bound, nor does it require the consent or approval of any other party.

The representations and warranties of the Debtors set forth in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect until repayment of all amounts outstanding or which may become outstanding to the Lender pursuant to the Loan Agreement.

ARTICLE 5
DEFAULT

5.1 Default.

Each of the following events shall constitute an event of default ("**Event of Default**") under this Agreement:

- (a) if Deem Management Services Limited defaults in any of its obligations under the Loan Agreement and such default persists beyond any applicable cure period therein;
- (b) if any of the Debtors defaults in any of their respective obligations under the Security Documents and such default persists beyond any applicable cure period therein;
- (c) if any default is made by the Debtors in the performance of any of his, its or their obligations under this Agreement;
- (d) if there is in the opinion of the Lender, acting reasonably, any material deterioration of his security, or imminent risk of same, whether as a result of the acts or omissions of any of the Debtors, or of any third party or parties;

- (e) if any Person appoints a receiver or receiver and manager, or if an order is made by any court appointing a receiver or receiver and manager over the assets, property and undertaking of any of the Debtors or any part thereof; and
- (f) if any representation, warranty or statement contained herein or any document delivered by the Debtors pursuant hereto is materially incorrect.

5.2 Consequence of Default.

An Event of Default hereunder shall constitute an Event of Default under the Loan Agreement and the Security Documents. Upon the occurrence of an Event of Default, the Forbearance Period shall automatically and immediately terminate and end, without any notice to the Debtors.

Upon:

- (a) the occurrence of an Event of Default, or
- (b) the expiry of the Forbearance Period (unless the Debtors have, prior to the expiration of the Forbearance Period, repaid all of the Indebtedness in full),

the Lender shall be entitled to enforce its rights and remedies under the Loan Agreement and the Security Documents, without demand or notice (except as may be provided herein or therein or required by law) to the Debtors.

ARTICLE 6 GENERAL

6.1 Timely Performance.

It is intended by all parties hereto that the obligations in this Agreement shall be performed strictly in accordance with the provisions hereof and in a timely manner, with time being of the essence. Accordingly, should an Event of Default occur in the timely performance of obligations by the Debtors for any reason whether or not it is within his or its control, the Lender shall upon the occurrence of such Event of Default be entitled to rely strictly on his rights and remedies as set forth in this Agreement.

6.2 Entire Agreement.

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and contains all of the representations, warranties undertakings, covenants, agreements and promises of the parties hereto with respect to the subject matter of this Agreement. This Agreement supersedes all prior negotiations, representations, warranties undertakings, covenants, agreements and promises or agreements between the parties hereto, whether written or verbal, with respect to the subject matter of this Agreement.

6.3 Severability.

If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

6.4 No Waiver.

None of the covenants and agreements of the Lender in this Agreement, nor the performance thereof at any time, will constitute, or be deemed or implied to be, a waiver by the Lender of any default, either hereunder or under any other agreement with the Debtors that has occurred to the date hereof or any other subsequent default by the Debtors. The Lender may waive any Event of Default in his sole discretion but no such waiver shall constitute a waiver of any other or subsequent Event of Default and any such waiver shall be binding on the Lender only if given in writing.

6.5 Notice.

All notices, requests, demands or other communications (each a “**Notice**”) to be given pursuant to this Agreement shall be in writing and delivered by personal delivery (which includes delivery by a recognized courier service) or by facsimile transmission or electronic transmission in pdf format as follows:

(a) In the case of the Debtors to:

Robert Dal Bianco, Deem Management Services Limited
Deem Management Limited and The Uptown Inc.
209 Lexington Road
Unit F2
Waterloo, ON N2K 2E1

Attention: Rob Dal Bianco, President
Email: rpdalbiano@gmail.com
Fax: 519.772.1034

With a copy to:

Blaney McMurtry LLP
2 Queen Street East
Suite 1500
Toronto, Ontario M5C 3G5

Attention: John Wolf
Email: jwolf@blaney.com
Fax: 416.596.2044

(b) In the case of the Lender to:

Donald Dal Bianco
87 Huron Street
Saugeen Shores, Ontario N0H 2L0
Suite 405
Toronto, Ontario M3C 1W3

Facsimile: _____
Email: _____

With a copy to:

Cass & Bishop LLP
3455 Harvester Road
Unit 31
Burlington, Ontario L7N 3P2

Attention: Peter Cass
Email: pcass@cassbishop.ca
Fax: 905.632.9076

Any Notice so given, if personally delivered, shall be deemed to have been given and received on the date of actual delivery thereof or if delivered by facsimile transmission or electronic transmission in pdf format, shall be deemed to have been given and received on the date of transmittal thereof, if delivered prior to 5:00 p.m. on a Business Day, otherwise it shall be deemed to have been given and received on the next following Business Day.

6.6 Successors and Assigns.

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, estate trustees, successors and permitted assigns. This Agreement shall not be assigned by any of the Debtors without the prior written consent of the Lender, which consent may be withheld by the Lender in his sole, subjective and absolute discretion.

6.7 Governing Law.

The Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable herein and the parties hereto hereby agree to submit to the jurisdiction of the Courts of the Province of Ontario in respect to any dispute that may arise in respect to this Agreement.

6.8 Receipt of Copy.

Each of the Debtors hereby acknowledges having received a signed copy of this Agreement.

6.9 Confidentiality.

Each of the parties hereto agrees not to disclose the contents of this Agreement to any Person other than his or its professional advisors for the purpose of obtaining advice with respect to his or its rights and obligations under this Agreement, without in each case the prior written consent of the other parties hereto except as required to do so at law or by a Court of competent jurisdiction and except in any legal proceedings commenced by or involving such party.

6.10 Counterparts.

Each of the parties agrees that this Agreement may be executed in any number of separate counterparts with the same effect as if all parties hereto had signed the same document, each of which when executed shall be deemed to be an original. Such counterparts shall be construed as and shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out above. This Agreement may be executed and delivered by facsimile or electronic transmission and the execution and delivery of this Agreement by facsimile or electronic transmission shall be binding upon the party delivering same, and may be relied upon by the party receiving same, as if it was an originally signed document. Any party that delivers a counterpart copy of this Agreement by facsimile or electronic transmission shall deliver an originally executed copy of this Agreement promptly thereafter; provided that the failure to do so shall not affect the validity or enforceability of this Agreement.

[Remainder of Page is Intentionally Left Blank - Signatures Page Follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement with effect as of the date first written above.

SIGNED, SEALED & DELIVERED

in the presence of:

Witness

ROBERT DAL BIANCO

DEEM MANAGEMENT LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation

DEEM MANAGEMENT SERVICES LIMITED

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation

THE UPTOWN INC.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation

Witness

DONALD DAL BIANCO

SCHEDULE "A"
LOAN AGREEMENT

SCHEDULE "B"
LEGAL DESCRIPTION OF PROPERTIES

Firstly (215-229 Lexington Road, Waterloo, Ontario):

Part Block A, Plan 1313,
being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194,
s/t easement in gross over Part 1 on Plan 58R-17857, as in Instrument No. WR853469,
City of Waterloo,
being all of PIN 22291-0628(LT).

Owned by Deem Management Services Limited.

Secondly (55 Hugo Crescent, Kitchener, Ontario, Conestoga Lodge):

Part Lot 70 (Subdivision of Lot 18 German Company Tract),
designated as Parts 2 and 3, Plan 58R-5364,
City of Kitchener,
being all of PIN 22495-0207(LT).

Owned by Deem Management Services Limited.

Thirdly (Canton Island):

PCL 20395, Section NIP,
Summer Resort Location Island 1256 in Lake Timagami Canton,
Municipality of Temagami,
District of Nippissing,
being all of PIN 49000-0005(LT).

33.3% interest owned by Robert Dal Bianco.

Fourthly:

SRO Part of the Townships of Strathcona and Strathy,
being Part 30 on Plan 36R-13206,
Together with an easement over Parts 23, 25 and 28 on Plan 36R-13206 as in LT327554,
Together with an easement over Parts 1 to 21 on Plan 36R-13206 as in BS98670,
Together with an easement over Parts 22 to 29 on Plan 36R-13206 as in BS102576,
Together with an easement over Part 3 on Plan 36R-9321 as in LT327554,
Municipality of Temagami,
being all of PIN 49012-0245(LT).

Owned by Robert Dal Bianco.

Fifthly:

Part of the Township of Strathcona,
being Parts 22, 23, 24, 25, 26, 27, 28 and 29 on Plan 36R-13206,
Together with an easement over Parts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18,
19, 20 and 21 on Plan 36R-13206 as in BS98670;
Subject to an easement over Part 3 on Plan 36R-9321; and
Subject to an easement over Parts 22 to 29 on Plan 36R-13206 in favour of SRO part of the
Townships of Strathcona and Strathy being Part 30 on Plan 36R-13206 as in BS102576,
Municipality of Temagami,
being all of PIN 49012-0246(LT).

Owned by Deem Management Services Limited.

SCHEDULE "C"
SECURITY

1. Charge/Mortgage of the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT) granted by Deem Management Services Limited to and in favour of the Lender in the original principal amount of \$7,978,753.45.
2. Charge/Mortgage of the lands and premises legally described as Part Lots E and F, Plan 19 (Prescott), as in Instrument No. PR66370, Town of Prescott, being all of PIN 68155-0294(LT) granted by Deem Management Limited to and in favour of the Lender in the original principal amount of \$7,978,753.45.
3. Guarantee by Robert Dal Bianco of the obligations of Deem Management Services Limited to the Lender.
4. Guarantee by Deem Management Limited of the obligations of Deem Management Services Limited to the Lender.
5. General Security Agreements granted by Deem Management Services Limited to and in favour of the Lender.
6. General Security Agreements granted by Deem Management Limited to and in favour of the Lender.
7. Share Pledge Agreement between Robert Dal Bianco and Don Dal Bianco in respect all of the issued and outstanding shares of Deem Management Services Limited and The Uptown Inc. owned by Robert Dal Bianco.

APPENDIX “P”



Blaney McMurtry LLP | Lawyers
2 Queen Street East | Suite 1500
Toronto, Ontario M5C 3G5

416-593-1221

Blaney.com

Jeffrey M. Warren
D: 416-593-3962 F: 416-594-2434
jwarren@blaney.com

February 28, 2018

DELIVERED

Cass & Bishop Professional Corporation
3455 Harvester Road, Unit 31
Burlington ON L7N 3P2

Attention: Joanne Morin, Law Clerk

Dear Sirs/Mesdames:

Re: Donald Dal Bianco (the "Lender") loan to Deem Management Services Limited (the "Borrower"), as guaranteed by Deem Management Limited, The Uptown Inc. and Robert Dal Bianco (collectively, the "Guarantors")

Further to the above-noted loan transaction, please find enclosed originally executed copies of the following documents, in duplicate unless otherwise stated below:

1. Loan Agreement;
2. Guarantee by Deem Management Limited of the obligations of the Borrower to the Lender;
3. Guarantee by the Uptown Inc. of the obligations of the Borrower to the Lender;
4. Guarantee by Robert Dal Bianco of the obligations of the Borrower to the Lender;
5. Security Agreement from the Borrower;
6. Security Agreement from Deem Management Limited;
7. Security Agreement from The Uptown Inc.;
8. Security Agreement from Robert Dal Bianco;
9. Share Pledge Agreement from Robert Dal Bianco;
10. Acknowledgment and Direction from the Borrower re: Registration of Charge/Mortgage against the 229 Lexington Road, Waterloo, Ontario;
11. Acknowledgment and Direction from Deem Management Limited re: Registration of Notice of Agreement Amending Charge against 990 Edward Street, Prescott, Ontario (the "**Prescott Property**");
12. Forbearance Agreement. Please note that we have revised the definition of the security documents in Section 1.1(j) to include the registration particulars of the Mortgage Amending Agreement against the Prescott Property, and we have also included the registration particulars of

the charge/mortgage registered against the Waterloo Property on Schedule "C" as these instruments have now been registered; and

13. Corporate Opinion Letter of Blaney McMurtry LLP (one copy).

Please send to us the originally executed Loan Agreement, Share Pledge Agreement, Agreement Amending the Prescott Mortgage and Forbearance Agreement signed by the Lender.

We trust you will find the foregoing in order.

Yours very truly,

Blaney McMurtry LLP



Jeffrey M. Warren

JMW/wz
Encl.

LOAN AGREEMENT

THIS LOAN AGREEMENT is dated the 1st day of February, 2018 with effective as of the 1st day of April, 2012 ("Effective Date")

BETWEEN:

DEEM MANAGEMENT SERVICES LIMITED,
a corporation duly incorporated pursuant
to the laws of the Province of Ontario
(hereinafter, the "**Borrower**")

- and -

DONALD DAL BIANCO,
a resident of the City of Burlington,
in the Province of Ontario
(hereinafter the "**Lender**")

WHEREAS:

- A. The Lender has made advances to the Borrower from time to time since the Effective Date in an amount equal to the Principal Sum; and
- B. The parties wish to enter into this Agreement to evidence the advances of the Principal Sum by the Lender to the Borrower in writing and to provide for the terms and conditions upon which the Loan shall be made repaid by the Borrower to the Lender and other terms and conditions related to the Loan;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. **DEFINITIONS**

In this Loan Agreement, unless the context otherwise requires, the following terms have the following meanings:

- a) "**Agreement**" means this Loan Agreement between Deem Management Services Limited and Donald Dal Bianco with effect as of the Effective Date;
- b) "**Applicable Law**" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies;
- c) "**Business Day**" means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario or a municipal holiday in the City of Toronto;
- d) "**Corporate Guarantors**" means Deem Management Limited and The Uptown Inc.;

- e) **“Default”** means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;
- f) **“Existing Waterloo Charge”** means the second charge/mortgage granted by the Borrower to and in favour of the Lender in the original principal amount of \$4,517,511.00 registered as Instrument No. WR888817 on June 25, 2015 against the Waterloo Property;
- g) **“Event of Default”** has the meaning attributed to such term in Section 11 hereof;
- h) **“Interest Rate”** means the Prime Rate plus 2% per annum, calculated monthly, not in advance;
- i) **“Loan”** means the advances made by the Lender to the Borrower from time and time from and after the Effective Date to the date hereof in the aggregate amount of the Principal Sum but, for greater certainty, does not include those advances made by the Lender to the Borrower under the Existing Waterloo Charge;
- j) **“Principal Sum”** means the principal amount of \$7,978,753.45 in lawful money of Canada;
- k) **“Prime Rate”** the minimum or prime lending rate of interest per annum as disclosed by The Toronto-Dominion Bank from time to time and used by it as a reference rate of interest for Canadian dollar loans made by it in Canada and adjusted automatically upon any change by The Toronto-Dominion Bank;
- l) **“Security Documents”** has the meaning given to that term in Section 5 hereof; and
- m) **“Waterloo Property”** means the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT), and municipally known as 229 Lexington Road, Waterloo, Ontario.

2. THE LOAN

The Lender agrees to extend the Loan to the Borrower in an amount up to the Principal Sum on and subject to the terms and conditions contained herein. Each of the Lender and the Borrower acknowledges and confirms that the entire Principal Sum has been advanced as at the date hereof and that outstanding and unpaid interest in the amount of \$689,461.20 has accrued on the Principal Sum from the Effective Date to January 26, 2018 at the rate of five percent (5%) per annum and interest shall accrue from and after January 26, 2018 at the Interest Rate.

3. REPAYMENT OF PRINCIPAL AND PAYMENT INTEREST

Each advance of the Principal Sum shall bear interest at the Interest Rate from and including the date of each respective advance to the date of payment. Interest shall be payable, not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the same rate calculated in the same manner. The outstanding Principal Sum together with all accrued and unpaid interest thereon shall be repayable on written demand.

4. **PREPAYMENT**

The Borrowers may, without notice, bonus or penalty, at any time and from time to time, prepay all or any portion of the outstanding Principal Sum provided that each such prepayment is accompanied by all of the then accrued and unpaid interest on the amount of Principal Sum being prepaid calculated to the date of such prepayment.

5. **SECURITY**

The liability, indebtedness and obligations of the Borrower under the Loan shall be evidenced, governed and secured by all security documents required by the Lender including, without limitation, the following (collectively, the "**Security Documents**"):

- (a) a charge/mortgage in the Principal Sum of \$7,978,753.45 to be registered against the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT), and municipally known as 229 Lexington Road, Waterloo, Ontario;
- (b) a charge/mortgage originally granted by 478729 Ontario Limited to and in favour of the Lender and registered as Instrument No. GC4794 on April 16, 2010 against the lands and premises legally described as Part Lots E and F, Plan 19 (Prescott), as in Instrument No. PR66370, Town of Prescott, being all of PIN 68155-0294(LT) (the "**Prescott Property**"), as amended by an amending agreement, notice of which was registered against the Prescott Property as Instrument No. GC31525 on July 24, 2014 and which charge/mortgage shall be further amended by an amending agreement, to increase the original principal amount thereof to \$7,978,753.45;
- (c) a General Security Agreement granted by the Borrower to the Lender;
- (d) a Guarantee of the obligations of the Borrower to the Lender from Robert Dal Bianco and, as security for such guarantee, a General Security Agreement granted by Robert Dal Bianco to the Lender and a Share Pledge Agreement from Robert Dal Bianco to the Lender in respect of the all of the shares of the Borrower, Deem Management Limited and The Uptown Inc. owned by Robert Dal Bianco;
- (e) a Guarantee of the obligations of the Borrower to the Lender from Deem Management Limited and, as security for such guarantee, a General Security Agreement granted by Deem Management Limited to the Lender as collateral security thereto; and
- (f) a Guarantee of the obligations of the Borrower to the Lender from The Uptown Inc. and, as security for such guarantee, a General Security Agreement granted by the Uptown Inc. to the Lender as collateral security thereto.

6. **BORROWER'S NEGATIVE COVENANTS AND CONDITIONS**

The Borrower covenants and agrees with the Lender that, so long as any portion of the Loan or any indebtedness or liabilities of the Borrower under this Agreement remains outstanding, it shall not, without the prior written consent of the Lender:

- a) With exception of any further security in favour of the Lender, grant or allow any lien, charge, security interest, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
- b) grant or allow any lien, charge, security interest, privilege, hypothec or any other encumbrance whatsoever, to be registered against the shares of the Corporate Guarantors or the Borrower;
- c) Become guarantor or endorser or otherwise become liable upon any note or other obligation other than accounts payable incurred in the normal course of business;
- d) Declare or pay dividends on any class or kind of its shares, repurchase or redeem any of its shares or reduce its capital in any way whatsoever or repay any shareholders' advances of the Borrower;
- e) Amalgamate with or permit all or substantially all of its assets to be acquired by any other arm's length person, firm or corporation or permit any reorganization or change of control, or similar proceeding or arrangement or discontinuance of the business of the Borrower;
- f) Sell, transfer or otherwise dispose of, or create, grant, assume or suffer to exist any lien upon, any of its property and assets and the shares of the Borrower, except pursuant to the Security Documents and liens relating to governmental claims and save and except that the foregoing shall not prevent the Borrower from completing the purchase and sale of the lands and premises municipally known as 990 Edward Street North, Prescott, Ontario to Arch Long Term Care LP or its permitted assignee;
- g) Incur any further indebtedness, except accounts payable incurred in the ordinary course of business;
- h) Change its name;
- i) Permit any property taxes or strata fees to be past due at any time; or
- j) Permit any rent payable in respect of premises leased by it to be past due at any time;
- k) Amend the organizational documents in a manner which would prejudice the Borrower's interest under this Loan Agreement;
- l) Enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder, connected, related, or associated corporation, or any other non-arm's length party;
- m) Issue any securities in the Borrower;

- n) Operate the business of the Borrower in a manner that would reasonably be expected to result in a material adverse effect; or
- o) Enter into any transaction or series of transactions, or any acquisitions or series of acquisitions which are outside the ordinary course of the business of the Borrower.

The Borrower shall deliver to the Lender not less than ten (10) Business Days prior written notice of any prospective or pending transaction with a third party involving the Waterloo Property, including, without limitation, a pending or prospective re-financing or sale of all or a partial interest in the Waterloo Property (the "**Waterloo Property Transaction**"), which notice shall specify in detail the nature of the transaction and shall include a copy of any term sheet, commitment letter, agreement of purchase and sale or other similar document in connection with the Waterloo Property Transaction. Notwithstanding the foregoing provisions contained in this Section 6 or any other provision to the contrary contained in this Loan Agreement or the Security Documents, if the Lender does not state in writing his objection to the Waterloo Property Transaction within (10) Business Days after his receipt of such notice, the Lender shall be deemed to have given his consent to the Waterloo Property Transaction and any acts or things described this Section 6 in connection therewith, in particular, Subsections 6(a), (b), (c), (e), (f), (g),(l), (m) and (o) thereof and the completion of the Waterloo Property Transaction shall not and shall be deemed not to contravene the provisions contained in this Loan Agreement or the Security Documents including, without limitation, the covenants contained in this Section 6 and, in particular, the covenants in Subsections 6(a), (b), (c), (e), (f), (g),(l), (m) and (o) thereof.

7. **BORROWER'S POSITIVE COVENANTS AND CONDITIONS**

The Borrower covenants and agrees with the Lender that, so long as any portion of the Loan or any indebtedness or liabilities of the Borrower under this Agreement remains outstanding, it shall:

- a) pay or cause to be paid the outstanding Principal Sum and all accrued and unpaid interest thereon on the dates required for payment and in the manner specified herein;
- b) do or cause to be done all things necessary or desirable to maintain its legal existence as a corporation duly incorporated pursuant to the laws of the Province of Ontario;
- c) comply with the requirements of all Applicable Law, and all contracts to which it is a party or by which it is bound;
- d) as soon as practicable after it shall become aware of the same, give notice to the Lender of the following events:
 - i. the commencement of any legal proceeding against or affecting it;
 - ii. any development which might have a material adverse effect upon its ability to perform its obligations under this Agreement; and

- iii. any Default or Event of Default, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;
- e) use the proceeds for general corporate purposes;
- f) reimburse the Lender, on demand, for all of the reasonable out-of-pocket costs, charges and expenses incurred by or on behalf of the Lender (including, without limitation, the reasonable fees, disbursements and other charges of the Lender's solicitors) in connection with the making of demand by the Lender under this Loan Agreement and the Security Documents, the enforcement of this Loan Agreement and the Security Documents by the Lender and the exercise by the Lender of any of its rights and remedies under this Loan Agreement and the Security Documents, all of which costs, charges and expenses shall bear interest at the Interest Rate from the date on which such costs, charges and expenses are due and payable to the date of actual payment thereof and shall be secured by the Security Documents;
- g) do, execute, and deliver all such things, documents, security, agreements, and assurances that the Lender may from time to time request to ensure that the Lender holds at all times valid, enforceable, perfected, first priority Encumbrances; and
- h) upon the occurrence of either a Default or an Event of Default of which the Borrower is aware, the Borrower shall promptly deliver to the Lender a notice specifying the nature and date of occurrence of such Default or Event of Default, the Borrower's assessment of the duration and effect thereof and the action which the Borrower proposes to take with respect thereto.

8. **FINANCIAL STATEMENTS AND REPORTS**

- a) The Borrower shall deliver to the Lender from time to time and as required by the Lender in their sole discretion and with ten (10) days' notice to the Borrower, the following:
 - i) Internally-prepared profit and loss statements and balance sheets for the Borrower;
 - ii) Pro forma financial statements, cash flow statement and budget for the following fiscal year of the Borrower; and
 - iii) Such additional financial statements and information as and when requested by the Lender.
- b) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently.

9. **BORROWER'S REPRESENTATIONS AND WARRANTIES**

- a) The Borrower has been duly incorporated and organized, is properly constituted, is in good standing and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;

- b) The execution of this Agreement and the Security Documents and the incurring of liability and indebtedness to the Lender does not and will not contravene:
 - i) the constating documents and by-laws of the Borrower or any agreement that the Borrower is a party to or affecting the assets or property of the Borrower, or
 - ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which the Borrower is a party;
- c) The Agreement and the Security Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and constitute valid and binding obligations of the Borrower, and are enforceable in accordance with the respective terms;
- d) All necessary authorizations, approvals, consents and orders have been obtained with respect to the Loan and the execution and delivery of the Security Documents;
- e) All financial and other information provided to the Lender in respect of this Agreement is true and accurate and acknowledges that reliance on the truth and accuracy of the information provided by the Borrower is made by the Lender;
- f) The execution, delivery and performance by the Lender and the Corporate Guarantors and the consummation of the transactions contemplated herein and therein, do not and will not conflict with, result in any material breach or violation of, or constitute a material default under, the terms, conditions or provisions of the charter or constating documents, agreement, or Applicable Law regulation, judgment, decree or order; and
- g) The Borrower has good title to its property, assets and shares free and clear of any liens, encumbrances or security interests save and except as disclosed by the Borrower to the Lender in writing, save and except as registered against title to any lands and premises owned by the Borrower including, without limitation, the Waterloo Property, 55 Hugo Crescent, Kitchener, Ontario and 990 Edward Street, Prescott, Ontario and save and except as recorded by the registration of a financing statement under the *Personal Property Security Act* (Ontario).

10. ADDITIONAL CONDITIONS

- a) All payments by the Borrower to the Lender shall be made at the address set out in section 11(m) below or at such other place as the Lender may specify in writing from time to time. Any payment delivered or made to the Lender by 5:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made afterwards shall be credited as of the next business day;
- b) The Borrower acknowledges that the records of repayment of the Principal Sum in an account of the Borrower maintained by the Lender shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time; provided that the obligation of the Borrower to pay or repay any indebtedness

and liability in accordance with the terms and conditions of the Loan shall not be affected by the failure of the Lender to make such recording. The Borrower also acknowledges being indebted to the Lender for principal amounts shown as outstanding from time to time in the Lender's records in accordance with the terms and conditions of this Agreement;

- c) The obligation of the Borrower to make all payments under this Agreement and the Security Documents shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - i) Any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Lender or anyone else for any reason whatsoever; or
 - ii) Any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower; and
- d) The Lender shall have all remedies, rights and powers available to him at law and in equity under this Agreement and the Security Documents. The rights and remedies of the Lender hereunder are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Lender and no delay or omission in exercise of such remedy, right, or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

11. EVENTS OF DEFAULT

- a) Without in any way derogating from the Lender's ability to demand repayment of the Loan at any time, the occurrence of any of the following events shall constitute an Event of Default:
 - i) default by the Borrower in the repayment of the outstanding Principal Sum and the payment of all accrued and unpaid interest thereon and the payment of all other amounts due and owing by the Borrower under this Agreement on the dates when such amounts are due and payable;
 - ii) default by the Borrower in the performance or observance of any covenant, condition or obligation contained in any Security Document unless such default, if capable of being remedied, is remedied within five (5) Business Days after notice thereof by the Lender to the Borrower;
 - iii) any representation or warranty made by the Borrower in any Security Document is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made;
 - iv) the Borrower admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
 - v) the Borrower institutes any proceeding, or any proceeding is commenced against or involving the Borrower;

- 1) seeking to adjudicate it a bankrupt or insolvent;
- 2) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of it or making a proposal with respect to it under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws; or
- 3) seeking appointment of a receiver, trustee in bankruptcy, agent, custodian or other similar official for it or for any part of its properties and assets;

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than fifteen (15) days from the institution of such first mentioned proceeding;

- vi) any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any property or assets of the Borrower; or
 - vii) any of the security created by the Security Documents becomes ineffective or unperfected, unless such event is cured immediately upon the Borrower acquiring knowledge thereof or the Lender providing notice thereof, and provided there has been no prejudice to the Lender.
- b) Upon the occurrence of any Event of Default, the Lender may in his sole option:
- i) declare the remaining balance of the Principal Sum to be immediately due and payable (to the extent not previously demanded);
 - ii) realize upon all or any part of the security granted pursuant to the Security Documents; or
 - iii) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Security Documents) at such times and in such manner as either Lender, in his sole discretion, may consider expedient,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Security Documents.

For greater certainty, the occurrence of an Event of Default is not a precondition to the Lender's right to demand repayment of the Loan at any time. The Lender may, at any time and from time to time, review the Loan and in exercising its discretion to maintain or demand the Loan may consider factors other than the

occurrence or non-occurrence of a Default or Event of Default hereunder.

12. **NON-MERGER AND NON-ASSIGNMENT**

- a) The terms and conditions of the Agreement shall not be merged by and shall survive the execution of the Security Documents. In the event of a conflict between the terms of this Agreement and the terms of the Security Documents, the terms of the Agreement shall prevail to the extent of such conflict.
- b) The Borrower shall not assign all or any of its rights, benefits or obligations under this Agreement without the prior written consent of the Lender.

13. **WAIVER OR VARIATION**

- a) No term or condition of this Agreement or any of the Security Documents may be waived or varied verbally or by any course of conduct by any employee or agent of the Lender. All waivers must be in writing and signed by the waiving party.
- b) Any amendment to the Agreement or the Security Documents must be in writing and signed by the Lender.

14. **GENERAL**

- a) The parties hereby confirm and ratify the matters contained and referred to in the preamble to this Agreement and agree that the same are expressly incorporated into this Agreement.
- b) This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings and negotiations, whether oral or written, and there are no general or specific warranties, representations or other agreements except as are herein specifically set forth.
- c) Whenever the singular, plural, masculine, feminine or neuter is used throughout this Agreement, the same shall be construed as meaning the singular, plural, masculine, feminine, neuter, body politic or body corporate wherever the fact or context so requires.
- d) All of the covenants, warranties and representations contained in this Agreement shall survive the closing and completion of this transaction and shall not merge on the closing of the transaction but shall continue to be in full force and effect for the benefit of the Vendor or the Purchaser, as the case may be.
- e) The parties hereto covenant and agree to do such things and execute such further documents, agreements, instruments or assurances as may reasonably be required by another party hereto from time to time in order to carry out the terms of this Agreement in accordance with their true intent.
- f) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. The parties hereto submit to the jurisdiction of the Courts

in the Province of Ontario.

- g) Time shall be of the essence of this Agreement.
- h) This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.
- i) This Agreement may be signed or executed in separate counterparts and the signing or execution of a counterpart shall have the same effect as the signing or execution of a single original agreement.
- j) Notwithstanding the actual date of execution of this Agreement, the parties agree that this Agreement shall be effective of and from the day and year first above written.
- k) No amendment of any provision of this Agreement shall be binding on either party unless agreed to in writing by each of the parties. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver unless otherwise provided.
- l) If any provision of this Agreement is determined by a Court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions of this Agreement, and each provision of this Agreement is declared to be separate, severable and distinct.
- m) Any notice, designation, communication, request, demand or other document required or permitted to be given or sent or delivered hereunder to any party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is:
 - i) delivered personally to an officer or director of such party;
 - ii) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or
 - iii) sent by telecopy machine.

Notices shall be sent to the following addresses or telecopy numbers:

- i) in the case of the Lender to:
87 Huron Street, Saugeen Shores, Ontario N0H 2L0
- ii) in the case of the Borrower to:
121 Oak Park Drive, Waterloo, Ontario N2K 0B3

or to such other address or telecopier number as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to

the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall

- i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
 - ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth business day following the date of mailing, unless at any time between the date of mailing and the fourth business day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service, and
 - iii) if sent by telecopy machine, be deemed to have been given, sent, delivered and received on the date the sender receives the telecopy answer back confirming receipt by the recipient.
- n) Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.

[Remainder of Page is Intentionally Left blank - Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been executed by the undersigned effective as of the date and year first written above.

**DEEM MANAGEMENT SERVICES
LIMITED**

Per: 

Name: Robert Dal Bianco

Title: President

I have authority to bind the Corporation.

Witness

Donald Dal Bianco

GUARANTEE

THIS GUARANTEE dated as of the 14th day of February, 2018, is made by **Deem Management Limited** (herein referred to as the "Guarantor"), in favour of **Donald Dal Bianco** (herein referred to as the "Lender").

WHEREAS:

- A. DEEM MANAGEMENT SERVICES LIMITED, a corporation duly incorporated pursuant to the laws of the Province of Ontario (herein referred to as the "Borrower"), has issued in favour of the Lender a Loan Agreement dated of even date herewith with effective as of April 1st, 2012 (such Loan Agreement as it may hereafter be amended, modified, supplemented, renewed, substituted or replaced from time to time is herein referred to as the "Loan Agreement") pursuant to which the Borrower has agreed to repay its indebtedness to the Lender.
- B. The Borrower has provided a General Security Agreement in favour of the Lender to secure the indebtedness owed by it to the Lender, copy attached as Schedule "A";
- C. Robert Dal Bianco ("Robert") has provided a Guarantee in favour of the Lender as additional security for the indebtedness owed by the Borrower under the Loan Agreement to the Lender, copy attached as Schedule "B";
- D. The Guarantor has provided a General Security Agreement in favour of the Lender and wishes the Borrower to repay the indebtedness in accordance with the terms set out in the Loan Agreement and General Security Agreements provided by them in favour of the Lender and, therefore, he is willing to execute and deliver this Guarantee to the Lender.

NOW THEREFORE in consideration of the Lender amending repayment of the indebtedness in accordance with the Loan Agreement, granting forbearance under an agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Guarantor, the Guarantor agrees as follows:

1. **Interpretation.** All terms defined in the Loan Agreement and not otherwise defined herein and used in this Guarantee shall have the meanings ascribed thereto in the Loan Agreement.
2. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees, as a continuing obligation, payment to the Lender

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forthwith upon demand therefor of all present and future indebtedness, obligations and liabilities of any kind whatsoever which the Borrower has incurred or may incur to the Lender arising under or in connection with the Loan Agreement (herein collectively referred to as the "obligations"). All amounts payable by the Guarantor hereunder shall be paid to the Lender at their address as aforesaid or as otherwise directed by the Lender. For greater certainty, this shall be a continuing, guarantee and shall cover all of the obligations now or hereafter existing and shall apply to and secure any ultimate balance due or remaining due to the Lender.

3. **Dealings With Borrower.** The Lender may make advances, grant accommodations, make payments, grant extensions of time, renewals or indulgences, take and give up securities including other guarantees, abstain from taking securities or from perfecting securities, cease or refrain from giving credit or making loans or advances, accept compositions, grant releases and discharges and otherwise deal with the Borrowers and with other parties and securities as the Lender sees fit, and apply all monies received from the Borrowers or others or from security upon such part of the obligations as it, in its absolute discretion, may think best, without the consent of, or notice to, the Guarantor and without prejudice to, or in any way limiting or lessening, the liability of the Guarantor hereunder. Without limiting the generality of the foregoing, the Guarantor hereby authorizes and empowers the Lender, in its sole and unfettered discretion, without any notice to the Guarantor or any other person, to exercise any right or remedy which the Lender may have against the Borrower or with respect to any security, whether real, personal or intangible, for the obligations, including judicial and non-judicial foreclosure, without affecting in any way the liability of the Guarantor hereunder and the Guarantor shall be liable to the Lender for any deficiency resulting from the exercise by the Lender of any such right or remedy, even though any rights or remedies which the Guarantor may have against the Borrowers or any other person may have been altered or diminished by the exercise of any such right or remedy.
4. **Recourse Against Borrower.** The Lender shall not be bound to exercise all or any of its rights and remedies or to exhaust its recourse against the Borrower or others or any security before being entitled to payment from the Guarantor under this Guarantee.
5. **Loss of Securities.** Any loss of, or neglect or omission with respect to any security held by the Lender, whether occasioned through the fault of the Lender or otherwise, shall not discharge in whole or in part, or limit or lessen the liability of the Guarantor hereunder.
6. **Settlement of Accounts.** Any account settled or stated between the Lender and the Borrower or admitted by or on behalf of the Borrower

shall be accepted by the Guarantor as conclusive evidence that the amount thereby appearing due by the Borrower to the Lender is so due.

7. **Change in Composition of Borrower.** Neither change in the name, objects, capital structure or constitution, membership, ownership or control of the Borrower nor any other circumstance including, without limitation, the amalgamation of the Borrowers with another corporation, any defect in, omission from, failure to file or register or defective filings or registrations of any instrument under which the Lender has taken any security or collateral for payment of any of the Obligations or the performance or observance of any obligation of the Guarantor to the Lender or any circumstance affecting the Borrower or the Guarantor, which might otherwise afford a legal or equitable defence to the Guarantor or a discharge of the Guarantee shall affect or in any way limit or lessen the liability of the Guarantor hereunder.
8. **Waiver.** No delay on the part of the Lender in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Lender unless the same shall be in writing, duly signed on behalf of the Lender, and each such waiver, if any, shall apply with respect to the specific instance involved, and shall in no way impair the rights of the Lender or the obligations of the Guarantor to the Lender in any other respect at any other time.
9. **Guarantee of All Monies Borrowed.** All monies, advances, renewals and credits in fact borrowed or obtained by the Borrower from the Lender under or in connection with the Loan Agreement shall be deemed to form part of the obligations notwithstanding any incapacity, disability or lack of limitation of status or power of the Borrower or any of its directors, officers, employees, partners or agents thereof, or that the Borrower may not be a legal or sueable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, whether known to the Lender or not. The Lender shall not be obliged to enquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf, and monies, advances, renewals or credits in fact borrowed or obtained from the Lender in the professed exercise of any power of the Borrower or its directors, partners or agents shall be deemed to form part of the obligations hereby guaranteed even though the incurring of such monies, advances, renewals or credits was irregular, fraudulent, defective or informally effected or exceeded the powers of the Borrower or its directors, partners, or agents. Any part of the obligations which may not be recoverable from the Guarantor by the Lender on the basis of a

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guarantee shall be recoverable by the Lender from the Guarantor as principal debtor in respect thereof and shall be paid to the Lender forthwith after demand therefor as herein provided.

10. **Assignment by Lender.** The Lender may from time to time and without notice to, or the consent of the Guarantor assign or transfer all or any of the obligations or any interest therein to any person and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such obligation or part thereof so transferred or assigned shall be and shall remain an obligation for the purpose of this Guarantee and any immediate and successive assignee or transferee of any obligation or any interest therein shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce this Guarantee to the same extent as if such person were the Lender. In the event of any such assignment or transfer, the Lender shall retain the right to enforce this Guarantee for its own benefit as to any obligation which has not been so assigned or transferred.
11. **Revival of Indebtedness.** The Guarantor agrees that, if at any time all or any part of any payment previously applied by the Lender to any obligation is or must be rescinded or returned by the Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Borrower), such obligation shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Lender had not been made.
12. **Postponement.** If the Lender receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, then the Guarantor shall not be entitled to claim repayment against the Borrower until the Lender's claim against the Borrower has been paid in full. In case of liquidation, winding-up or bankruptcy of the Borrowers (whether voluntary or involuntary) or if the Borrowers shall make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof in priority to the Guarantor until the Lender's claim has been paid in full, and the Guarantor shall continue to be liable hereunder up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing the Lender by the Borrower. In the event of the valuation by the Lender of any of its security and/or the retention thereof by the

Lender, such valuation and/or retention shall not, as between the Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of the obligations or any part thereof. Any and all rights the Guarantor may have as surety, whether at law, in equity or otherwise, that are inconsistent with any of the provisions contained in this Guarantee are hereby waived. The foregoing provisions of this paragraph shall not in any way limit or lessen the liability of the Guarantor under any other paragraph of this Guarantee.

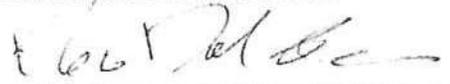
13. **Legal Expenses.** The Guarantor shall from time to time upon demand by the Lender forthwith pay to the Lender all expenses (including reasonable legal fees) incurred by the Lender in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.
14. **Additional Security.** This Guarantee is, in addition to, and not in substitution for, and without prejudice to, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Lender and any other rights or remedies that the Lender might have.
15. **Taxes and Set-off.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions or any nature whatsoever. If, at any time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives a net sum equal to the sum which it would have received had no deduction or withholding been required.
16. **Demand for Payment.** A demand for payment shall be deemed to have been given where a notice in writing containing such a demand is sent by registered and receipted mail or prepaid courier to the Guarantor at the address of the Guarantor as supplied to the Lender from time to time. Any such notice shall be deemed to have been received on the date of delivery.
17. **Responsibility to Keep Informed.** So long as any of the obligations remain unpaid or outstanding, the Guarantor assumes all responsibility for being and keeping himself informed of the financial condition of the Borrower and of all circumstances bearing upon the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee.

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18. **No Escrow.** Possession of this Guarantee by the Lender shall be conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent have been complied with unless, at the time or receipt of this Guarantee by the Lender, the Guarantor obtains from the Lender a letter setting out the terms and conditions under which this Guarantee was delivered and the conditions, if any, to be observed before it becomes effective.
19. **Governing Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the courts of the Province of Ontario and acknowledges their competence and agrees to be bound by any judgment thereof except that nothing herein shall limit the Lender's right to bring proceedings against the Guarantor elsewhere.
20. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Lender and its administrators, successors and assigns and shall be binding upon the Guarantor and his executors, administrators, successors and permitted assigns.
21. **Time.** Time is of the essence with respect to the terms and provisions of this Guarantee and the times for performance of the obligations of the Guarantor under this Guarantee are to be strictly construed.

IN WITNESS WHEREOF, this Guarantee has been made and delivered under seal as of the date first above written.

DEEM MANAGEMENT LIMITED

Per: 

Authorized Signing Officer

GUARANTEE

THIS GUARANTEE dated as of the ¹⁴ day of February, 2018, is made by **The Uptown Inc.** (herein referred to as the "Guarantor"), in favour of **Donald Dal Bianco** (herein referred to as the "Lender").

WHEREAS:

- A. DEEM MANAGEMENT SERVICES LIMITED, a corporation duly incorporated pursuant to the laws of the Province of Ontario (herein referred to as the "Borrower"), has issued in favour of the Lender a Loan Agreement dated of even date herewith with effective as of April 1st, 2012 (such Loan Agreement as it may hereafter be amended, modified, supplemented, renewed, substituted or replaced from time to time is herein referred to as the "Loan Agreement") pursuant to which the Borrower has agreed to repay its indebtedness to the Lender.
- B. The Borrower has provided a General Security Agreement in favour of the Lender to secure the indebtedness owed by it to the Lender, copy attached as Schedule "A";
- C. Robert Dal Bianco ("Robert") has provided a Guarantee in favour of the Lender as additional security for the indebtedness owed by the Borrower under the Loan Agreement to the Lender, copy attached as Schedule "B";
- D. The Guarantor has provided a General Security Agreement in favour of the Lender and wishes the Borrower to repay the indebtedness in accordance with the terms set out in the Loan Agreement and General Security Agreements provided by them in favour of the Lender and, therefore, it is willing to execute and deliver this Guarantee to the Lender.

NOW THEREFORE in consideration of the Lender amending repayment of the indebtedness in accordance with the Loan Agreement, granting forbearance under an agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Guarantor, the Guarantor agrees as follows:

1. **Interpretation.** All terms defined in the Loan Agreement and not otherwise defined herein and used in this Guarantee shall have the meanings ascribed thereto in the Loan Agreement.
2. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees, as a continuing obligation, payment to the Lender forthwith upon demand therefor of all present and future indebtedness, obligations and liabilities of any kind whatsoever which the Borrower has incurred or may incur to the Lender arising under

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or in connection with the Loan Agreement (herein collectively referred to as the "obligations"). All amounts payable by the Guarantor hereunder shall be paid to the Lender at their address as aforesaid or as otherwise directed by the Lender. For greater certainty, this shall be a continuing, guarantee and shall cover all of the obligations now or hereafter existing and shall apply to and secure any ultimate balance due or remaining due to the Lender.

3. **Dealings With Borrower.** The Lender may make advances, grant accommodations, make payments, grant extensions of time, renewals or indulgences, take and give up securities including other guarantees, abstain from taking securities or from perfecting securities, cease or refrain from giving credit or making loans or advances, accept compositions, grant releases and discharges and otherwise deal with the Borrowers and with other parties and securities as the Lender sees fit, and apply all monies received from the Borrowers or others or from security upon such part of the obligations as it, in its absolute discretion, may think best, without the consent of, or notice to, the Guarantor and without prejudice to, or in any way limiting or lessening, the liability of the Guarantor hereunder. Without limiting the generality of the foregoing, the Guarantor hereby authorizes and empowers the Lender, in its sole and unfettered discretion, without any notice to the Guarantor or any other person, to exercise any right or remedy which the Lender may have against the Borrower or with respect to any security, whether real, personal or intangible, for the obligations, including judicial and non-judicial foreclosure, without affecting in any way the liability of the Guarantor hereunder and the Guarantor shall be liable to the Lender for any deficiency resulting from the exercise by the Lender of any such right or remedy, even though any rights or remedies which the Guarantor may have against the Borrowers or any other person may have been altered or diminished by the exercise of any such right or remedy.
4. **Recourse Against Borrower.** The Lender shall not be bound to exercise all or any of its rights and remedies or to exhaust its recourse against the Borrower or others or any security before being entitled to payment from the Guarantor under this Guarantee.
5. **Loss of Securities.** Any loss of, or neglect or omission with respect to any security held by the Lender, whether occasioned through the fault of the Lender or otherwise, shall not discharge in whole or in part, or limit or lessen the liability of the Guarantor hereunder.
6. **Settlement of Accounts.** Any account settled or stated between the Lender and the Borrower or admitted by or on behalf of the Borrower shall be accepted by the Guarantor as conclusive evidence that the amount thereby appearing due by the Borrower to the Lender is so due.

7. **Change in Composition of Borrower.** Neither change in the name, objects, capital structure or constitution, membership, ownership or control of the Borrower nor any other circumstance including, without limitation, the amalgamation of the Borrowers with another corporation, any defect in, omission from, failure to file or register or defective filings or registrations of any instrument under which the Lender has taken any security or collateral for payment of any of the Obligations or the performance or observance of any obligation of the Guarantor to the Lender or any circumstance affecting the Borrower or the Guarantor, which might otherwise afford a legal or equitable defence to the Guarantor or a discharge of the Guarantee shall affect or in any way limit or lessen the liability of the Guarantor hereunder.
8. **Waiver.** No delay on the part of the Lender in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Lender unless the same shall be in writing, duly signed on behalf of the Lender, and each such waiver, if any, shall apply with respect to the specific instance involved, and shall in no way impair the rights of the Lender or the obligations of the Guarantor to the Lender in any other respect at any other time.
9. **Guarantee of All Monies Borrowed.** All monies, advances, renewals and credits in fact borrowed or obtained by the Borrower from the Lender under or in connection with the Loan Agreement shall be deemed to form part of the obligations notwithstanding any incapacity, disability or lack of limitation of status or power of the Borrower or any of its directors, officers, employees, partners or agents thereof, or that the Borrower may not be a legal or sueable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, whether known to the Lender or not. The Lender shall not be obliged to enquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf, and monies, advances, renewals or credits in fact borrowed or obtained from the Lender in the professed exercise of any power of the Borrower or its directors, partners or agents shall be deemed to form part of the obligations hereby guaranteed even though the incurring of such monies, advances, renewals or credits was irregular, fraudulent, defective or informally effected or exceeded the powers of the Borrower or its directors, partners, or agents. Any part of the obligations which may not be recoverable from the Guarantor by the Lender on the basis of a guarantee shall be recoverable by the Lender from the Guarantor as principal debtor in respect thereof and shall be paid to the Lender forthwith after demand therefor as herein provided.

10. **Assignment by Lender.** The Lender may from time to time and without notice to, or the consent of the Guarantor assign or transfer all or any of the obligations or any interest therein to any person and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such obligation or part thereof so transferred or assigned shall be and shall remain an obligation for the purpose of this Guarantee and any immediate and successive assignee or transferee of any obligation or any interest therein shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce this Guarantee to the same extent as if such person were the Lender. In the event of any such assignment or transfer, the Lender shall retain the right to enforce this Guarantee for its own benefit as to any obligation which has not been so assigned or transferred.
11. **Revival of Indebtedness.** The Guarantor agrees that, if at any time all or any part of any payment previously applied by the Lender to any obligation is or must be rescinded or returned by the Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Borrower), such obligation shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Lender had not been made.
12. **Postponement.** If the Lender receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, then the Guarantor shall not be entitled to claim repayment against the Borrower until the Lender's claim against the Borrower has been paid in full. In case of liquidation, winding-up or bankruptcy of the Borrowers (whether voluntary or involuntary) or if the Borrowers shall make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof in priority to the Guarantor until the Lender's claim has been paid in full, and the Guarantor shall continue to be liable hereunder up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing the Lender by the Borrower. In the event of the valuation by the Lender of any of its security and/or the retention thereof by the Lender, such valuation and/or retention shall not, as between the Lender and the Guarantor, be considered as a purchase of such security or as payment or satisfaction or reduction of the obligations or any part thereof. Any and all rights the Guarantor may have as

surety, whether at law, in equity or otherwise, that are inconsistent with any of the provisions contained in this Guarantee are hereby waived. The foregoing provisions of this paragraph shall not in any way limit or lessen the liability of the Guarantor under any other paragraph of this Guarantee.

13. **Legal Expenses.** The Guarantor shall from time to time upon demand by the Lender forthwith pay to the Lender all expenses (including reasonable legal fees) incurred by the Lender in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.
14. **Additional Security.** This Guarantee is, in addition to, and not in substitution for, and without prejudice to, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Lender and any other rights or remedies that the Lender might have.
15. **Taxes and Set-off.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions or any nature whatsoever. If, at any time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives a net sum equal to the sum which it would have received had no deduction or withholding been required.
16. **Demand for Payment.** A demand for payment shall be deemed to have been given where a notice in writing containing such a demand is sent by registered and receipted mail or prepaid courier to the Guarantor at the address of the Guarantor as supplied to the Lender from time to time. Any such notice shall be deemed to have been received on the date of delivery.
17. **Responsibility to Keep Informed.** So long as any of the obligations remain unpaid or outstanding, the Guarantor assumes all responsibility for being and keeping himself informed of the financial condition of the Borrower and of all circumstances bearing upon the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee.
18. **No Escrow.** Possession of this Guarantee by the Lender shall be conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any conditions precedent or subsequent have been complied with unless, at the time or receipt of this Guarantee by the

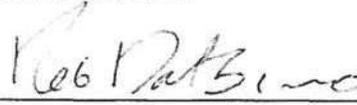
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Lender, the Guarantor obtains from the Lender a letter setting out the terms and conditions under which this Guarantee was delivered and the conditions, if any, to be observed before it becomes effective.

19. **Governing Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the courts of the Province of Ontario and acknowledges their competence and agrees to be bound by any judgment thereof except that nothing herein shall limit the Lender's right to bring proceedings against the Guarantor elsewhere.
20. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Lender and its administrators, successors and assigns and shall be binding upon the Guarantor and his executors, administrators, successors and permitted assigns.
21. **Time.** Time is of the essence with respect to the terms and provisions of this Guarantee and the times for performance of the obligations of the Guarantor under this Guarantee are to be strictly construed.

IN WITNESS WHEREOF, this Guarantee has been made and delivered under seal as of the date first above written.

THE UPTOWN INC.

Per: 

Authorized Signing Officer

GUARANTEE

THIS GUARANTEE dated as of the ¹⁷ day of February, 2018, is made by **Robert Dal Bianco** (herein referred to as the "Guarantor"), in favour of **Donald Dal Bianco** (herein referred to as the "Lender").

WHEREAS:

- A. **DEEM MANAGEMENT SERVICES LIMITED**, a corporation duly incorporated pursuant to the laws of the Province of Ontario (herein referred to as the "Borrower"), has issued in favour of the Lender a Loan Agreement dated of even date herewith with effective as of April 1st, 2012 (such Loan Agreement as it may hereafter be amended, modified, supplemented, renewed, substituted or replaced from time to time is herein referred to as the "Loan Agreement") pursuant to which the Borrower has agreed to repay its indebtedness to the Lender.
- B. The Borrower has provided a General Security Agreement in favour of the Lender to secure the indebtedness owed by it to the Lender, copy attached as Schedule "A";
- C. Deem Management Limited ("DML") has provided a General Security Agreement and Guarantee in favour of the Lender as additional security for the indebtedness owed by the Borrower under the Loan Agreement to the Lender, copy attached as Schedule "B";
- D. The Guarantor wishes the Borrower and DML, to repay the indebtedness in accordance with the terms set out in the Loan Agreement and General Security Agreements provided by them in favour of the Lender and, therefore, he is willing to execute and deliver this Guarantee to the Lender.

NOW THEREFORE in consideration of the Lender amending repayment of the indebtedness in accordance with the Loan Agreement, granting forbearance under an agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Guarantor, the Guarantor agrees as follows:

1. **Interpretation.** All terms defined in the Loan Agreement and not otherwise defined herein and used in this Guarantee shall have the meanings ascribed thereto in the Loan Agreement.
2. **Guarantee.** The Guarantor hereby unconditionally and irrevocably guarantees, as a continuing obligation, payment to the Lender forthwith upon demand therefor of all present and future indebtedness, obligations and liabilities of any kind whatsoever which

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the Borrower has incurred or may incur to the Lender arising under or in connection with the Loan Agreement (herein collectively referred to as the "obligations"). All amounts payable by the Guarantor hereunder shall be paid to the Lender at their address as aforesaid or as otherwise directed by the Lender. For greater certainty, this shall be a continuing, guarantee and shall cover all of the obligations now or hereafter existing and shall apply to and secure any ultimate balance due or remaining due to the Lender.

3. **Dealings With Borrower.** The Lender may make advances, grant accommodations, make payments, grant extensions of time, renewals or indulgences, take and give up securities including other guarantees, abstain from taking securities or from perfecting securities, cease or refrain from giving credit or making loans or advances, accept compositions, grant releases and discharges and otherwise deal with the Borrowers and with other parties and securities as the Lender sees fit, and apply all monies received from the Borrowers or others or from security upon such part of the obligations as it, in its absolute discretion, may think best, without the consent of, or notice to, the Guarantor and without prejudice to, or in any way limiting or lessening, the liability of the Guarantor hereunder. Without limiting the generality of the foregoing, the Guarantor hereby authorizes and empowers the Lender, in its sole and unfettered discretion, without any notice to the Guarantor or any other person, to exercise any right or remedy which the Lender may have against the Borrower or with respect to any security, whether real, personal or intangible, for the obligations, including judicial and non-judicial foreclosure, without affecting in any way the liability of the Guarantor hereunder and the Guarantor shall be liable to the Lender for any deficiency resulting from the exercise by the Lender of any such right or remedy, even though any rights or remedies which the Guarantor may have against the Borrowers or any other person may have been altered or diminished by the exercise of any such right or remedy.
4. **Recourse Against Borrower.** The Lender shall not be bound to exercise all or any of its rights and remedies or to exhaust its recourse against the Borrower or others or any security before being entitled to payment from the Guarantor under this Guarantee.
5. **Loss of Securities.** Any loss of, or neglect or omission with respect to any security held by the Lender, whether occasioned through the fault of the Lender or otherwise, shall not discharge in whole or in part, or limit or lessen the liability of the Guarantor hereunder.
6. **Settlement of Accounts.** Any account settled or stated between the Lender and the Borrower or admitted by or on behalf of the Borrower shall be accepted by the Guarantor as conclusive evidence that the amount thereby appearing due by the Borrower to the Lender is so

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due.

7. **Change in Composition of Borrower.** Neither change in the name, objects, capital structure or constitution, membership, ownership or control of the Borrower nor any other circumstance including, without limitation, the amalgamation of the Borrowers with another corporation, any defect in, omission from, failure to file or register or defective filings or registrations of any instrument under which the Lender has taken any security or collateral for payment of any of the Obligations or the performance or observance of any obligation of the Guarantor to the Lender or any circumstance affecting the Borrower or the Guarantor, which might otherwise afford a legal or equitable defence to the Guarantor or a discharge of the Guarantee shall affect or in any way limit or lessen the liability of the Guarantor hereunder.
8. **Waiver.** No delay on the part of the Lender in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. No waiver of any of its rights hereunder, and no modification or amendment of this Guarantee, shall be deemed to be made by the Lender unless the same shall be in writing, duly signed on behalf of the Lender, and each such waiver, if any, shall apply with respect to the specific instance involved, and shall in no way impair the rights of the Lender or the obligations of the Guarantor to the Lender in any other respect at any other time.
9. **Guarantee of All Monies Borrowed.** All monies, advances, renewals and credits in fact borrowed or obtained by the Borrower from the Lender under or in connection with the Loan Agreement shall be deemed to form part of the obligations notwithstanding any incapacity, disability or lack of limitation of status or power of the Borrower or any of its directors, officers, employees, partners or agents thereof, or that the Borrower may not be a legal or sueable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, whether known to the Lender or not. The Lender shall not be obliged to enquire into the powers of the Borrower or its directors, partners or agents acting or purporting to act on its behalf, and monies, advances, renewals or credits in fact borrowed or obtained from the Lender in the professed exercise of any power of the Borrower or its directors, partners or agents shall be deemed to form part of the obligations hereby guaranteed even though the incurring of such monies, advances, renewals or credits was irregular, fraudulent, defective or informally effected or exceeded the powers of the Borrower or its directors, partners, or agents. Any part of the obligations which may not be recoverable from the Guarantor by the Lender on the basis of a guarantee shall be recoverable by the Lender from the Guarantor as principal debtor in respect thereof and shall be paid to the Lender

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forthwith after demand therefor as herein provided.

10. **Assignment by Lender.** The Lender may from time to time and without notice to, or the consent of the Guarantor assign or transfer all or any of the obligations or any interest therein to any person and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, any such obligation or part thereof so transferred or assigned shall be and shall remain an obligation for the purpose of this Guarantee and any immediate and successive assignee or transferee of any obligation or any interest therein shall, to the extent of the interest so assigned or transferred, be entitled to the benefit of, and the right to enforce this Guarantee to the same extent as if such person were the Lender. In the event of any such assignment or transfer, the Lender shall retain the right to enforce this Guarantee for its own benefit as to any obligation which has not been so assigned or transferred.
11. **Revival of Indebtedness.** The Guarantor agrees that, if at any time all or any part of any payment previously applied by the Lender to any obligation is or must be rescinded or returned by the Lender for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Borrower), such obligation shall, for the purpose of this Guarantee, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Lender, and this Guarantee shall continue to be effective or be reinstated, as the case may be, as to such Obligation, all as though such application by the Lender had not been made.
12. **Postponement.** If the Lender receives from the Guarantor a payment or payments in full or on account of the liability of the Guarantor hereunder, then the Guarantor shall not be entitled to claim repayment against the Borrower until the Lender's claim against the Borrower has been paid in full. In case of liquidation, winding-up or bankruptcy of the Borrowers (whether voluntary or involuntary) or if the Borrowers shall make a bulk sale of any of its assets within the bulk transfer provisions of any applicable legislation or any composition with creditors or scheme of arrangement, the Lender shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof in priority to the Guarantor until the Lender's claim has been paid in full, and the Guarantor shall continue to be liable hereunder up to the amount guaranteed, less any payments made by the Guarantor, for any balance which may be owing the Lender by the Borrower. In the event of the valuation by the Lender of any of its security and/or the retention thereof by the Lender, such valuation and/or retention shall not, as between the Lender and the Guarantor, be considered as a purchase of such

security or as payment or satisfaction or reduction of the obligations or any part thereof. Any and all rights the Guarantor may have as surety, whether at law, in equity or otherwise, that are inconsistent with any of the provisions contained in this Guarantee are hereby waived. The foregoing provisions of this paragraph shall not in any way limit or lessen the liability of the Guarantor under any other paragraph of this Guarantee.

13. **Legal Expenses.** The Guarantor shall from time to time upon demand by the Lender forthwith pay to the Lender all expenses (including reasonable legal fees) incurred by the Lender in the preparation of this Guarantee and the preservation or enforcement of any of its rights hereunder.
14. **Additional Security.** This Guarantee is, in addition to, and not in substitution for, and without prejudice to, any security of any kind (including, without limitation, other guarantees) now or hereafter held by the Lender and any other rights or remedies that the Lender might have.
15. **Taxes and Set-off.** All payments to be made by the Guarantor hereunder shall be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions or any nature whatsoever. If, at any time, any applicable law, regulation or international agreement requires the Guarantor to make any such deduction or withholding from any such payment, the sum due from the Guarantor in respect of such payment shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives a net sum equal to the sum which it would have received had no deduction or withholding been required.
16. **Demand for Payment.** A demand for payment shall be deemed to have been given where a notice in writing containing such a demand is sent by registered and receipted mail or prepaid courier to the Guarantor at the address of the Guarantor as supplied to the Lender from time to time. Any such notice shall be deemed to have been received on the date of delivery.
17. **Responsibility to Keep Informed.** So long as any of the obligations remain unpaid or outstanding, the Guarantor assumes all responsibility for being and keeping himself informed of the financial condition of the Borrower and of all circumstances bearing upon the nature, scope and extent of the risk which the Guarantor assumes and incurs under this Guarantee.
18. **No Escrow.** Possession of this Guarantee by the Lender shall be conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not

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be effective until any conditions precedent or subsequent have been complied with unless, at the time or receipt of this Guarantee by the Lender, the Guarantor obtains from the Lender a letter setting out the terms and conditions under which this Guarantee was delivered and the conditions, if any, to be observed before it becomes effective.

19. **Governing Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the courts of the Province of Ontario and acknowledges their competence and agrees to be bound by any judgment thereof except that nothing herein shall limit the Lender's right to bring proceedings against the Guarantor elsewhere.
20. **Successors and Assigns.** This Guarantee shall extend and enure to the benefit of the Lender and its administrators, successors and assigns and shall be binding upon the Guarantor and his executors, administrators, successors and permitted assigns.
21. **Time.** Time is of the essence with respect to the terms and provisions of this Guarantee and the times for performance of the obligations of the Guarantor under this Guarantee are to be strictly construed.

IN WITNESS WHEREOF, this Guarantee has been made and delivered under seal as of the date first above written.

Witness



Robert Dal Bianco

SECURITY AGREEMENT

(GENERAL)

February 16, 2018.

1. Secured Interest in Collateral

Deem Management Limited, a corporation incorporated under the laws of the Province of Ontario (the "Debtor") for valuable consideration grants, assigns, transfers, sets over, mortgages and charges

to **Donald Dal Bianco**, a resident of the Province of Ontario (the "Secured Party"), as and by way of a fixed and specific mortgage and charge, and grants to the Secured Party a security interest in the present and future undertaking, property and assets of the Debtor including without limitation the following property (the "Collateral"):

- (a) all goods now or hereafter comprising part of the inventory of the Debtor including but not limited to goods now or hereafter held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or finished goods;
- (b) all goods now or hereafter used or intended to be used in any business of the debtor (and which are not inventory including but not limited to fixtures, equipment, machinery, vehicles and other tangible personal property, whether described in Schedule "A" hereto or not;
- (c) all debts, demands and choices in action which are now due owing or accruing due to the Debtor, and all claims of any kind which the Debtor now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies;
- (d) all chattel paper now or hereafter owned by the Debtor;
- (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, now or hereafter owned by the Debtor;
- (f) with respect to the personal property described in subparagraphs (c), (d), and (e), all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (g) all shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;
- (h) all goodwill, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;

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- (i) with respect to the personal property described in subparagraphs (a) to (h) inclusive, all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein; and
- (j) with respect to the personal property described in subparagraphs (a) to (i) inclusive, personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property destroyed or damaged.

In this paragraph, the words "goods", "inventory", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the Personal Property Security Act of Ontario including all amendments thereto (the "PPSA"). In this Agreement, any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof". In this Agreement, "Collateral" shall include the proceeds thereof.

2. Obligations Secured

The fixed and specific mortgages, charges and security interest granted hereby secures payment to the Secured Party of the aggregate of all of the indebtedness, obligations and liabilities of the Debtor to the Secured Party, whether incurred prior to, at the time of, or subsequent to the execution hereof, including extensions and renewals, and including, without limitation, all advances and shareholder loans made by the Secured Party to the Debtor; letters of credit and letters of guarantee issued by the Secured Party on behalf of the Debtor, whether or not drawn upon; bankers' acceptances of the Debtor which have been accepted by the Secured Party; obligations and liabilities of the Debtor to third parties financed or guaranteed by the Secured Party; all interest payable by the Debtor to the Secured Party; all obligations and liabilities of the Debtor under any present or future guarantee by the Debtor of the payment or performance or both of the debts, obligations and liabilities of a third party to the Secured Party; and all of the debts, obligations and liabilities of the Debtor to the Secured Party under any agreement with the Secured Party including, without limitation, all of the indebtedness, obligations and liabilities of the Debtor to the Secured Party under a guarantee by the Debtor to and in favour of the Secured Party of all of the obligations of Deem Management Services Limited to the Secured Party under a Loan Agreement between the Debtor and the Secured Party dated of even date herewith with effect as of April 1, 2012 and other security documents as amended from time to time (all of the foregoing being collectively referred to herein as the "Obligations").

3. Representations and Warranties

The Debtor represents and warrants as follows:

- (a) the Debtor is, or is to become, the beneficial owner of the Collateral;
- (b) the Debtor has, or will have when the Collateral is acquired, the right to create mortgages and charges of, and grant a security interest in, the Collateral in favour of the Secured Party; and

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- (c) this Agreement has been duly and properly authorized by all necessary action and constitutes a legal, valid and binding obligation of the Debtor.

4. Covenants

The Debtor hereby agrees that:

- (a) Maintain, Use, etc. - the Debtor shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) Insurance - the Debtor shall cause all of the Collateral which is of a character usually insured by businesses operating Collateral of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature of and to the extent that such Collateral is usually insured by businesses operating or using Collateral of a similar nature in the same or similar localities and shall maintain such insurance with loss if any payable to the Secured Party and shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party;
- (c) Rent, Taxes, Etc. - the Debtor shall pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payments;
- (d) Observe Law - the Debtor shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (e) Books, Records - the Debtor shall keep proper books of accounts in accordance with sound accounting practice and if in default the Debtors shall furnish to the Secured Party such financial information and statements relating to its business and the Collateral as the Secured Party may from time to time require and the Debtor if in default shall permit the Secured Party or its authorized agent at any time at the expense of the Debtor to examine the Collateral and to examine the books of accounts and other financial records and reports of the Debtor including but not limited to books of accounts and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (f) Information - the Debtor shall furnish to the Secured Party such information with respect to the Collateral and the insurance thereon as the Secured Party may from time to time require and the Debtor shall give written notice to the Secured Party of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral;

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- (g) Other Encumbrances - the Debtor shall not, after the date hereof, without the prior consent in writing of the Secured Party, create any security interest, mortgage, hypothec, charge, lien or other encumbrance upon the Collateral or any part thereof; and
- (h) Defend Title - the Debtor shall defend the title to the Collateral against all persons and shall, upon demand by the Secured Party furnish further assurance of title and further security for the Obligations and execute any written instruments or do any other acts necessary, to make effective the purposes and provisions of this Agreement; and
- (i) Change of Name - the Debtor shall not change its name or sell, exchange, assign or lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party except that until an event of default as described in paragraph 6 occurs, the Debtor may sell or lease inventory in the ordinary course of its business.

5. Immediate Possession

Upon failure by the Debtor to perform any of the agreements described in paragraph 4 hereof, the Secured Party is authorized and has the option to take possession of the Collateral and, whether it has taken possession or not, to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable solicitors' costs and legal expenses) incurred by the Secured Party in respect of the custody, preservation, use or operation of the Collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of 20% per annum, and shall be secured by this Agreement.

6. Events of Default

At the option of the Secured Party, the Obligations shall immediately become due and payable in full upon the happening of any of the following events:

- (a) if the Debtor shall fail to pay or perform when due any of the Obligations or any amount due and owing on any debt secured by its assets;
- (b) if the Debtor shall fail to perform any provisions of this Agreement or of any other agreement to which the Debtor and the Secured Party are parties and such failure to perform persists beyond the expiry of any applicable cure periods;
- (c) if any of the representations and warranties herein is or becomes incorrect in any material respect at any time;
- (d) if the Debtor or any guarantor of any of the Obligations ceases or threatens to cease to carry on its business, commits and act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

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- (e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Debtor or any guarantor of any of the Obligations declared bankrupt or would up, or to have a receiver appointed in respect of the Debtor or of any guarantor of any of the Obligations or of any part of the Collateral or if any encumbrancer takes possession of any part thereof;
- (f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the debtor or any guarantor of any of the Obligations or if any distress or analogous process is levied upon the Collateral or any part thereof;
- (g) if the Secured Party in good faith believes that the prospect of payment or performance of any of the obligations is impaired.

7. Remedies

If pursuant to paragraph 6 hereof, the Secured Party declares that the Obligations shall immediately become due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a Debtor and a Secured Party respectively under the PPSA and those provided by this Agreement. The Secured Party may take immediate possession of the Collateral and enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law and may require the Debtor to assemble and deliver the Collateral or make the Collateral available to the Secured Party at a reasonably convenient place designated by the Secured Party. The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or of any part thereof or may by instrument in writing appoint any person to be a receiver of the Collateral or of any part thereof and may remove any receiver so appointed by the Secured Party and appoint another in his stead; and any such receiver appointed by instrument in writing shall have power (a) to take possession of the Collateral or any part thereof, (b) to carry on the business of the Debtor, (c) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of the business of the Debtor on the security of the Collateral in priority to the mortgage and charge and security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that any such receiver shall be deemed the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such receiver.

8. Expenses

Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including reasonable solicitors' fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by the Secured Party towards the payment of the Obligations in such order of application as the Secured Party may from time to time effect. All such expenses and all amounts borrowed

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on the security of the Collateral under paragraph 7 hereof shall bear interest at the prime commercial lending rate of The Toronto-Dominion Bank plus 2% per annum and shall be Obligations under this Agreement. If the disposition of the Collateral fails to satisfy the Obligations and the expenses incurred by the Secured Party, the Debtor shall be liable to pay for any deficiency on demand.

9 Miscellaneous

The Debtor further agrees that:

- a. the Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the payment in full of the Obligations including charges, expenses, fees, costs and interest;
- b. any failure by the Secured Party to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Obligations secured by this Agreement;
- c. all rights of the Secured Party hereunder shall be assignable and in any action brought by an assignee to enforce such rights, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or may hereafter have against the Secured Party;
- d. all rights of the Secured Party hereunder shall enure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall bind the Debtor, his heirs, executors, administrators, successors and assigns;
- e. if more than one person executes this Agreement as Debtor, their obligations under this Agreement shall be joint and several;
- f. this Agreement shall be governed in all respects by the laws of the Province of Ontario;
- g. the Debtor hereby acknowledges receipt of a copy of this Agreement;
- h. the Agreement shall become effective when it is signed by the Debtor;
- i. the Debtor acknowledges receiving an executed copy of this Agreement; and
- j. All or any part of the principal sum may be repaid at any time or times without notice or bonus.

SECURITY AGREEMENT

(GENERAL)

February 14, 2018.

1. Secured Interest in Collateral

The Uptown Inc., a corporation incorporated under the laws of the Province of Ontario (the "Debtor") for valuable consideration grants, assigns, transfers, sets over, mortgages and charges

to **Donald Dal Bianco**, a resident of the Province of Ontario (the "Secured Party"), as and by way of a fixed and specific mortgage and charge, and grants to the Secured Party a security interest in the present and future undertaking, property and assets of the Debtor including without limitation the following property (the "Collateral"):

- (a) all goods now or hereafter comprising part of the inventory of the Debtor including but not limited to goods now or hereafter held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or finished goods;
- (b) all goods now or hereafter used or intended to be used in any business of the debtor (and which are not inventory including but not limited to fixtures, equipment, machinery, vehicles and other tangible personal property, whether described in Schedule "A" hereto or not;
- (c) all debts, demands and choices in action which are now due owing or accruing due to the Debtor, and all claims of any kind which the Debtor now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies;
- (d) all chattel paper now or hereafter owned by the Debtor;
- (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, now or hereafter owned by the Debtor;
- (f) with respect to the personal property described in subparagraphs (c), (d), and (e), all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (g) all shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;
- (h) all goodwill, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;

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- (i) with respect to the personal property described in subparagraphs (a) to (h) inclusive, all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein; and
- (j) with respect to the personal property described in subparagraphs (a) to (i) inclusive, personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property destroyed or damaged.

In this paragraph, the words "goods", "inventory", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the Personal Property Security Act of Ontario including all amendments thereto (the "PPSA"). In this Agreement, any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof". In this Agreement, "Collateral" shall include the proceeds thereof.

2. Obligations Secured

The fixed and specific mortgages, charges and security interest granted hereby secures payment to the Secured Party of the aggregate of all of the indebtedness, obligations and liabilities of the Debtor to the Secured Party, whether incurred prior to, at the time of, or subsequent to the execution hereof, including extensions and renewals, and including, without limitation, all advances and shareholder loans made by the Secured Party to the Debtor; letters of credit and letters of guarantee issued by the Secured Party on behalf of the Debtor, whether or not drawn upon; bankers' acceptances of the Debtor which have been accepted by the Secured Party; obligations and liabilities of the Debtor to third parties financed or guaranteed by the Secured Party; all interest payable by the Debtor to the Secured Party; all obligations and liabilities of the Debtor under any present or future guarantee by the Debtor of the payment or performance or both of the debts, obligations and liabilities of a third party to the Secured Party; and all of the debts, obligations and liabilities of the Debtor to the Secured Party under any agreement with the Secured Party including, without limitation, all of the indebtedness, obligations and liabilities of the Debtor to the Secured Party under a guarantee by the Debtor to and in favour of the Secured Party of all of the obligations of Deem Management Services Limited to the Secured Party under a Loan Agreement between the Debtor and the Secured Party dated of even date herewith with effect as of April 1, 2012 and other security documents as amended from time to time (all of the foregoing being collectively referred to herein as the "Obligations").

3. Representations and Warranties

The Debtor represents and warrants as follows:

- (a) the Debtor is, or is to become, the beneficial owner of the Collateral;
- (b) the Debtor has, or will have when the Collateral is acquired, the right to create mortgages and charges of, and grant a security interest in, the Collateral in favour of the Secured Party; and

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- (c) this Agreement has been duly and properly authorized by all necessary action and constitutes a legal, valid and binding obligation of the Debtor.

4. Covenants

The Debtor hereby agrees that:

- (a) Maintain, Use, etc. - the Debtor shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) Insurance - the Debtor shall cause all of the Collateral which is of a character usually insured by businesses operating Collateral of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature of and to the extent that such Collateral is usually insured by businesses operating or using Collateral of a similar nature in the same or similar localities and shall maintain such insurance with loss if any payable to the Secured Party and shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party;
- (c) Rent, Taxes, Etc. - the Debtor shall pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payments;
- (d) Observe Law - the Debtor shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (e) Books, Records - the Debtor shall keep proper books of accounts in accordance with sound accounting practice and if in default the Debtors shall furnish to the Secured Party such financial information and statements relating to its business and the Collateral as the Secured Party may from time to time require and the Debtor if in default shall permit the Secured Party or its authorized agent at any time at the expense of the Debtor to examine the Collateral and to examine the books of accounts and other financial records and reports of the Debtor including but not limited to books of accounts and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (f) Information - the Debtor shall furnish to the Secured Party such information with respect to the Collateral and the insurance thereon as the Secured Party may from time to time require and the Debtor shall give written notice to the Secured Party of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral;

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- (g) Other Encumbrances - the Debtor shall not, after the date hereof, without the prior consent in writing of the Secured Party, create any security interest, mortgage, hypothec, charge, lien or other encumbrance upon the Collateral or any part thereof; and
- (h) Defend Title - the Debtor shall defend the title to the Collateral against all persons and shall, upon demand by the Secured Party furnish further assurance of title and further security for the Obligations and execute any written instruments or do any other acts necessary, to make effective the purposes and provisions of this Agreement; and
- (i) Change of Name - the Debtor shall not change its name or sell, exchange, assign or lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party except that until an event of default as described in paragraph 6 occurs, the Debtor may sell or lease inventory in the ordinary course of its business.

5. Immediate Possession

Upon failure by the Debtor to perform any of the agreements described in paragraph 4 hereof, the Secured Party is authorized and has the option to take possession of the Collateral and, whether it has taken possession or not, to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable solicitors' costs and legal expenses) incurred by the Secured Party in respect of the custody, preservation, use or operation of the Collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of 20% per annum, and shall be secured by this Agreement.

6. Events of Default

At the option of the Secured Party, the Obligations shall immediately become due and payable in full upon the happening of any of the following events:

- (a) if the Debtor shall fail to pay or perform when due any of the Obligations or any amount due and owing on any debt secured by its assets;
- (b) if the Debtor shall fail to perform any provisions of this Agreement or of any other agreement to which the Debtor and the Secured Party are parties and such failure to perform persists beyond the expiry of any applicable cure periods;
- (c) if any of the representations and warranties herein is or becomes incorrect in any material respect at any time;
- (d) if the Debtor or any guarantor of any of the Obligations ceases or threatens to cease to carry on its business, commits and act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

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- (e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Debtor or any guarantor of any of the Obligations declared bankrupt or would up, or to have a receiver appointed in respect of the Debtor or of any guarantor of any of the Obligations or of any part of the Collateral or if any encumbrancer takes possession of any part thereof;
- (f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the debtor or any guarantor of any of the Obligations or if any distress or analogous process is levied upon the Collateral or any part thereof;
- (g) if the Secured Party in good faith believes that the prospect of payment or performance of any of the obligations is impaired.

7. Remedies

If pursuant to paragraph 6 hereof, the Secured Party declares that the Obligations shall immediately become due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a Debtor and a Secured Party respectively under the PPSA and those provided by this Agreement. The Secured Party may take immediate possession of the Collateral and enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law and may require the Debtor to assemble and deliver the Collateral or make the Collateral available to the Secured Party at a reasonably convenient place designated by the Secured Party. The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or of any part thereof or may by instrument in writing appoint any person to be a receiver of the Collateral or of any part thereof and may remove any receiver so appointed by the Secured Party and appoint another in his stead; and any such receiver appointed by instrument in writing shall have power (a) to take possession of the Collateral or any part thereof, (b) to carry on the business of the Debtor, (c) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of the business of the Debtor on the security of the Collateral in priority to the mortgage and charge and security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that any such receiver shall be deemed the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such receiver.

8. Expenses

Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including reasonable solicitors' fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by the Secured Party towards the payment of the Obligations in such order of application as the Secured Party may from time to time effect. All such expenses and all amounts borrowed

on the security of the Collateral under paragraph 7 hereof shall bear interest at the prime commercial lending rate of The Toronto-Dominion Bank plus 2% per annum and shall be Obligations under this Agreement. If the disposition of the Collateral fails to satisfy the Obligations and the expenses incurred by the Secured Party, the Debtor shall be liable to pay for any deficiency on demand.

9 Miscellaneous

The Debtor further agrees that:

- a. the Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the payment in full of the Obligations including charges, expenses, fees, costs and interest;
- b. any failure by the Secured Party to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Obligations secured by this Agreement;
- c. all rights of the Secured Party hereunder shall be assignable and in any action brought by an assignee to enforce such rights, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or may hereafter have against the Secured Party;
- d. all rights of the Secured Party hereunder shall enure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall bind the Debtor, his heirs, executors, administrators, successors and assigns;
- e. if more than one person executes this Agreement as Debtor, their obligations under this Agreement shall be joint and several;
- f. this Agreement shall be governed in all respects by the laws of the Province of Ontario;
- g. the Debtor hereby acknowledges receipt of a copy of this Agreement;
- h. the Agreement shall become effective when it is signed by the Debtor;
- i. the Debtor acknowledges receiving an executed copy of this Agreement; and
- j. All or any part of the principal sum may be repaid at any time or times without notice or bonus.

IN WITNESS WHEREOF THE PARTIES HAVE HERETO AFFIXED THEIR HANDS AND SEALS.

SIGNED, SEALED AND DELIVERED

) The Uptown Inc.

)

in the presence of:

)

Per:

Robert Dal Bianco

)

Robert Dal Bianco Director ("Debtor")

)

)

)

I have authority to bind the corporation

)

)

)

)

Donald Dal Bianco ("Secured Party")

SECURITY AGREEMENT

(GENERAL)

February 14, 2018.

1. Secured Interest in Collateral

ROBERT P. DAL BIANCO, of the City of Waterloo, in the Province of Ontario (the "Debtor") for valuable consideration grants, assigns, transfers, sets over, mortgages and charges

to **Donald Dal Bianco**, a resident of the Province of Ontario (the "Secured Party"), as and by way of a fixed and specific mortgage and charge, and grants to the Secured Party a security interest in the present and future undertaking, property and assets of the Debtor including without limitation the following property (the "Collateral"):

- (a) all goods now or hereafter comprising part of the inventory of the Debtor including but not limited to goods now or hereafter held for sale or lease or furnished or to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or finished goods;
- (b) all goods now or hereafter used or intended to be used in any business of the debtor (and which are not inventory including but not limited to fixtures, equipment, machinery, vehicles and other tangible personal property, whether described in Schedule "A" hereto or not;
- (c) all debts, demands and choices in action which are now due owing or accruing due to the Debtor, and all claims of any kind which the Debtor now has or may hereafter have including but not limited to claims against the Crown and claims under insurance policies;
- (d) all chattel paper now or hereafter owned by the Debtor;
- (e) all warehouse receipts, bills of lading and other documents of title, whether negotiable or non-negotiable, now or hereafter owned by the Debtor;
- (f) with respect to the personal property described in subparagraphs (c), (d), and (e), all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (g) all shares, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;
- (h) all goodwill, stock, warrants, bonds, debentures, debenture stock or other securities now or hereafter owned by the Debtor;

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- (i) with respect to the personal property described in subparagraphs (a) to (h) inclusive, all substitutions and replacements thereof, increases, additions and accessions thereto and any interest of the Debtor therein;
- (j) with respect to the personal property described in subparagraphs (a) to (i) inclusive, personal property in any form or fixtures derived directly or indirectly from any dealing with such property or that indemnifies or compensates for such property destroyed or damaged;
- (k) all of the right, title and interest of the Debtor in any real property including, without limitation, all of the right, title and interest of the Debtor in the real property listed in Schedule "B" attached hereto.

In this paragraph, the words "goods", "inventory", "equipment", "chattel paper", "document of title", "instrument", "securities", "intangible" and "accessions" shall have the same meanings as their defined meanings in the Personal Property Security Act of Ontario including all amendments thereto (the "PPSA"). In this Agreement, any reference to "Collateral" shall, unless the context otherwise requires, refer to "Collateral or any part thereof". In this Agreement, "Collateral" shall include the proceeds thereof.

2. Obligations Secured

The fixed and specific mortgages, charges and security interest granted hereby secures payment to the Secured Party of the aggregate of all of the indebtedness, obligations and liabilities of the Debtor to the Secured Party, whether incurred prior to, at the time of, or subsequent to the execution hereof, including extensions and renewals, and including, without limitation, all advances and shareholder loans made by the Secured Party to the Debtor; letters of credit and letters of guarantee issued by the Secured Party on behalf of the Debtor, whether or not drawn upon; bankers' acceptances of the Debtor which have been accepted by the Secured Party; obligations and liabilities of the Debtor to third parties financed or guaranteed by the Secured Party; all interest payable by the Debtor to the Secured Party; all obligations and liabilities of the Debtor under any present or future guarantee by the Debtor of the payment or performance or both of the debts, obligations and liabilities of a third party to the Secured Party; and all of the debts, obligations and liabilities of the Debtor to the Secured Party under any agreement with the Secured Party including, without limitation, all of the indebtedness, obligations and liabilities of the Debtor to the Secured Party under a guarantee by the Debtor to and in favour of the Secured Party of all of the obligations of Deem Management Services Limited to the Secured Party under a Loan Agreement between the Debtor and the Secured Party dated of even date herewith with effect as of April 1, 2012 and other security documents as amended from time to time (all of the foregoing being collectively referred to herein as the "Obligations").

3. Representations and Warranties

The Debtor represents and warrants as follows:

- (a) the Debtor is, or is to become, the beneficial owner of the Collateral;

- (b) the Debtor has, or will have when the Collateral is acquired, the right to create mortgages and charges of, and grant a security interest in, the Collateral in favour of the Secured Party; and
- (c) this Agreement has been duly and properly authorized by all necessary action and constitutes a legal, valid and binding obligation of the Debtor.

4. Covenants

The Debtor hereby agrees that:

- (a) **Maintain, Use, etc.** - the Debtor shall diligently maintain, use and operate the Collateral and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the Collateral and the earnings, incomes, rents, issues and profits thereof;
- (b) **Insurance** - the Debtor shall cause all of the Collateral which is of a character usually insured by businesses operating Collateral of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature of and to the extent that such Collateral is usually insured by businesses operating or using Collateral of a similar nature in the same or similar localities and shall maintain such insurance with loss if any payable to the Secured Party and shall deliver to the Secured Party evidence of such insurance satisfactory to the Secured Party;
- (c) **Rent, Taxes, Etc.** - the Debtor shall pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the Collateral or any part thereof as and when the same shall become due and payable, and shall exhibit to the Secured Party, when required, the receipts and vouchers establishing such payments;
- (d) **Observe Law** - the Debtor shall duly observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;
- (e) **Books, Records** - the Debtor shall keep proper books of accounts in accordance with sound accounting practice and if in default the Debtors shall furnish to the Secured Party such financial information and statements relating to its business and the Collateral as the Secured Party may from time to time require and the Debtor if in default shall permit the Secured Party or its authorized agent at any time at the expense of the Debtor to examine the Collateral and to examine the books of accounts and other financial records and reports of the Debtor including but not limited to books of accounts and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom;
- (f) **Information** - the Debtor shall furnish to the Secured Party such information with respect to the Collateral and the insurance thereon as the Secured Party may from time to time require and the Debtor shall give written notice to the Secured Party

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of all litigation before any court, administrative board or other tribunal affecting the Debtor or the Collateral;

- (g) Other Encumbrances - the Debtor shall not, after the date hereof, without the prior consent in writing of the Secured Party, create any security interest, mortgage, hypothec, charge, lien or other encumbrance upon the Collateral or any part thereof;
- (h) Defend Title - the Debtor shall defend the title to the Collateral against all persons and shall, upon demand by the Secured Party furnish further assurance of title and further security for the Obligations and execute any written instruments or do any other acts necessary, to make effective the purposes and provisions of this Agreement; and
- (i) Change of Name - the Debtor shall not change its name or sell, exchange, assign or lease or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Secured Party except that until an event of default as described in paragraph 6 occurs, the Debtor may sell or lease inventory in the ordinary course of its business.

5. Immediate Possession

Upon failure by the Debtor to perform any of the agreements described in paragraph 4 hereof, the Secured Party is authorized and has the option to take possession of the Collateral and, whether it has taken possession or not, to perform any of the agreements in any manner deemed proper by the Secured Party, without waiving any rights to enforce this Agreement. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable solicitors' costs and legal expenses) incurred by the Secured Party in respect of the custody, preservation, use or operation of the Collateral shall be deemed advanced to the Debtor by the Secured Party, shall bear interest at the rate of 20% per annum, and shall be secured by this Agreement.

6. Events of Default

At the option of the Secured Party, the Obligations shall immediately become due and payable in full upon the happening of any of the following events:

- (a) if the Debtor shall fail to pay or perform when due any of the Obligations or any amount due and owing on any debt secured by its assets;
- (b) if the Debtor shall fail to perform any provisions of this Agreement or of any other agreement to which the Debtor and the Secured Party are parties and such failure to perform persists beyond the expiry of any applicable cure periods;
- (c) if any of the representations and warranties herein is or becomes incorrect in any material respect at any time;

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- (d) if the Debtor or any guarantor of any of the Obligations ceases or threatens to cease to carry on its business, commits and act of bankruptcy, becomes insolvent, makes an assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;
- (e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Debtor or any guarantor of any of the Obligations declared bankrupt or would up, or to have a receiver appointed in respect of the Debtor or of any guarantor of any of the Obligations or of any part of the Collateral or if any encumbrancer takes possession of any part thereof;
- (f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the debtor or any guarantor of any of the Obligations or if any distress or analogous process is levied upon the Collateral or any part thereof;
- (g) if the Secured Party in good faith believes that the prospect of payment or performance of any of the obligations is impaired;
- (h) there is default by Deem Management Services Limited under its Loan Agreement with the Secured Party; or
- (i) demand is made by the Secured Party under the terms of the Loan Agreement between Deem Management Services Limited and the Secured Party.

7. Remedies

If pursuant to paragraph 6 hereof, the Secured Party declares that the Obligations shall immediately become due and payable in full, the Debtor and the Secured Party shall have, in addition to any other rights and remedies provided by law, the rights and remedies of a Debtor and a Secured Party respectively under the PPSA and those provided by this Agreement. The Secured Party may take immediate possession of the Collateral and enforce any rights of the Debtor in respect of the Collateral by any manner permitted by law and may require the Debtor to assemble and deliver the Collateral or make the Collateral available to the Secured Party at a reasonably convenient place designated by the Secured Party. The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) of the Collateral or of any part thereof or may by instrument in writing appoint any person to be a receiver of the Collateral or of any part thereof and may remove any receiver so appointed by the Secured Party and appoint another in his stead; and any such receiver appointed by instrument in writing shall have power (a) to take possession of the Collateral or any part thereof, (b) to carry on the business of the Debtor, (c) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or for the carrying on of the business of the Debtor on the security of the Collateral in priority to the mortgage and charge and security interest created under this Agreement, and (d) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the receiver may determine; provided that any such receiver shall be deemed

the agent of the Debtor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any such receiver.

Further, if pursuant to paragraph 6 hereof, the Secured Party declares that the Obligations shall immediately become due and payable in full, the Secured Party has the right to register notice of this Agreement on title to the properties listed in Schedule "A".

8. Expenses

Any proceeds of any disposition of any of the Collateral may be applied by the Secured Party to the payment of expenses incurred in connection with the retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including reasonable solicitors' fees and legal expenses and any other reasonable expenses), and any balance of such proceeds may be applied by the Secured Party towards the payment of the Obligations in such order of application as the Secured Party may from time to time effect. All such expenses and all amounts borrowed on the security of the Collateral under paragraph 7 hereof shall bear interest at the prime commercial lending rate of The Toronto-Dominion Bank plus 2% per annum and shall be Obligations under this Agreement. If the disposition of the Collateral fails to satisfy the Obligations and the expenses incurred by the Secured Party, the Debtor shall be liable to pay for any deficiency on demand.

9 Miscellaneous

The Debtor further agrees that:

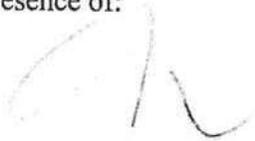
- a. the Debtor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the payment in full of the Obligations including charges, expenses, fees, costs and interest;
- b. any failure by the Secured Party to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Obligations secured by this Agreement;
- c. all rights of the Secured Party hereunder shall be assignable and in any action brought by an assignee to enforce such rights, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or may hereafter have against the Secured Party;
- d. all rights of the Secured Party hereunder shall enure to the benefit of its successors and assigns and all obligations of the Debtor hereunder shall bind the Debtor, his heirs, executors, administrators, successors and assigns;

- e. if more than one person executes this Agreement as Debtor, their obligations under this Agreement shall be joint and several;
- f. this Agreement shall be governed in all respects by the laws of the Province of Ontario;
- g. the Debtor hereby acknowledges receipt of a copy of this Agreement;
- h. the Agreement shall become effective when it is signed by the Debtor;
- i. the Debtor acknowledges receiving an executed copy of this Agreement; and
- j. All or any part of the principal sum may be repaid at any time or times without notice or bonus.

IN WITNESS WHEREOF THE PARTIES HAVE HERETO AFFIXED THEIR HANDS AND SEALS.

SIGNED, SEALED AND DELIVERED)

in the presence of:)



Robert Dal Bianco

Donald Dal Bianco (Secured Party)

SCHEDULE "A"

Firstly (121 Oak Park Drive, Waterloo, Ontario):

Lot 168, Plan 58M506,
Together with an undivided common interest in
Waterloo Common Elements Condominium Corporation No. 537,
Subject to an easement in gross as in Instrument No. WR574133,
Subject to an easement in gross as in Instrument No. WR574226,
Subject to an easement in gross as in Instrument No. WR668896,
Subject to an easement over Parts 19 and 20, Plan 58R17508
in favour of Lots 169 and 170, Plan 58M-506 as in Instrument No. WR712233,
City of Waterloo,
being all of PIN 22709-0595(LT).

Secondly (Suite S1009, 120 Bayview Avenue, Toronto):

Unit 30, Level 10, Unit 80, Level B, and Unit 223, Level B,
Toronto Standard Condominium Plan No. 2548, and its appurtenant interest
Subject to and together with easements as set out in Schedule A as in Instrument No. AT4384021,
City of Toronto,
being all of PINs 76548-0401(LT), 76548-0935(LT) and 76548-1078(LT).

Thirdly (Bell Island):

PCL 16415, Section NIP,
Summer Resort Location HS2018 Strathcona,
being Part of Island 25 in Lake Timagami in the Timagami Provincial Forest,
as in Instrument No. NP8714,
Municipality of Temagami,
District of Nippissing,
being all of PIN 49012-0056(LT).

Fourthly (Canton Island):

PCL 20395, Section NIP,
Summer Resort Location Island 1256 in Lake Timagami Canton,
Municipality of Temagami,
District of Nippissing,
being all of PIN 49000-0005(LT).

Fifthly:

SRO Part of the Townships of Strathcona and Strathy,
being Part 30 on Plan 36R-13206,
Together with an easement over Parts 23, 25 and 28 on Plan 36R-13206 as in LT327554,
Together with an easement over Parts 1 to 21 on Plan 36R-13206 as in BS98670,
Together with an easement over Parts 22 to 29 on Plan 36R-13206 as in BS102576,
Together with an easement over Part 3 on Plan 36R-9321 as in LT327554,
Municipality of Temagami,
being all of PIN 49012-0245(LT).

SHARE PLEDGE AGREEMENT

THIS AGREEMENT made as of the 1st day of February, 2018.

BETWEEN:

ROBERT DAL BIANCO
a person residing in the Province of Ontario

(hereinafter referred to as the "**Pledgor**")

- and -

DONALD DAL BIANCO
a person residing in the Province of Ontario

(hereinafter referred to as the "**Secured Party**")

WHEREAS 200 issued and outstanding common shares in the capital of Deem Management Services Limited, one thousand (1,000) issued and outstanding common shares in the capital of Deem Management Limited and one hundred (100) issued and outstanding common shares in the capital of The Uptown Inc. are owned by the Pledgor (the "**Pledged Shares**");

AND WHEREAS Deem Management Services Limited (the "**Borrower**") is indebted to the Secured Party in the amount of \$7,978,753.45 together with interest thereon (the "**Indebtedness**") under the terms of a Loan Agreement between the Borrower and the Secured Party dated of even date herewith with effect as of April 1, 2012 (the "**Loan Agreement**");

AND WHEREAS the Pledgor has delivered to the Secured Party a guarantee, bearing even date with the date of this Agreement (the "**Guarantee**") pursuant to which the Pledgor has, among other things, guaranteed payment to the Secured Party of all present and future indebtedness and liability of the Borrower to the Secured Party under the Loan Agreement and any ultimate unpaid balance thereof, including interest thereon and all costs, charges, and expenses incurred in connection therewith (collectively the "**Guaranteed Indebtedness**");

AND WHEREAS the Pledgor has agreed to pledge the Pledged Shares to and in favour of the Secured Party as collateral security for the Guaranteed Indebtedness;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgor and the Secured Party agree as follows:

ARTICLE 1.00 - INTERPRETATION

1.1 External Meanings

In this Agreement, words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine, and neuter genders.

Section and Article headings are inserted for convenience of reference only and are not to be considered part of this Agreement or to be full or accurate descriptions of the contents of such sections and Articles.

ARTICLE 2.00 - GRANT OF SECURITY**2.1 Grant of Security**

The Pledgor hereby assigns, pledges and hypothecates to the Secured Party, and grants to the Secured Party a first security interest in the Pledged Shares, whether now or in the future issued and outstanding, and the certificates representing such shares and all proceeds thereof including dividends, cash and other property from time to time received or receivable or any other distribution in respect of or in exchange for any or all of the Pledged Shares (collectively the "**Pledged Collateral**"), to be held by the Secured Party on and subject to the terms of this Agreement as collateral security for the payment of all Guaranteed Indebtedness.

2.2 Possession of Shares

The Pledgor shall deposit with the Secured Party the certificates representing the Pledged Shares. All certificates deposited pursuant to this Section 2.2 shall, unless all necessary consents and approvals are obtained, not contain any reference to restrictions on the transfer of the securities represented thereby and shall be duly endorsed in blank for transfer or shall be attached to duly executed powers of attorney or forms of transfer; provided, however, that the Secured Party shall have the right, at its option at any time, to transfer the Pledged Shares or any part thereof into its own name or that of its nominee so that the Secured Party or its nominee may appear of record as the sole owner thereof. In the event that the Secured Party elects to have the Pledged Shares registered in its own name, the Secured Party agrees that prior to the Secured Party making a demand for payment upon the Pledgor under the Guarantee, the Secured Party shall deliver promptly to the Pledgor all notices, statements or other communications received by it or its nominee as such registered owner, and upon demand and receipt of payment of necessary expenses thereof, shall give to the Pledgor or its designee a proxy or proxies to vote and take all action with respect to such property. At any time following the demand for payment upon the Pledgor under the Guarantee by the Secured Party, the Pledgor waives all rights to be advised of or to receive any notices, statements or communications received by the Secured Party or its nominee as such record owner, and agrees that no proxy or proxies given by the Secured Party to the Pledgor or its designee as aforesaid shall thereafter be effective.

2.3 Continuing Security

The security granted to the Secured Party under this Agreement shall be a continuing security and the pledge constituted hereby shall not be released, discharged or in any way affected by:

- (a) any increase or decrease in the amount of the Indebtedness;
- (b) an extension of time for payment of the Indebtedness;
- (c) any modification of any of the Indebtedness;
- (d) any change in the name or constitution of the Pledgor or the Borrower, as applicable; or
- (e) any forbearance whatsoever whether as to time, performance or otherwise, or any compromise, arrangement or plan or reorganization affecting the Pledgor or the Borrower.

2.4 Additional Shares

If any additional Shares are issued after the date of this Agreement by the Borrower to the Pledgor (whether as a result of a consolidation, subdivision, conversion, or exchange of shares or otherwise), such additional Shares shall be beneficially owned only by the Pledgor and shall forthwith upon issuance or acquisition become part of the Pledged Collateral and shall be assigned, pledged, and hypothecated with and to the Secured Party under this Agreement, in each case in the same manner as the Pledged Shares that are issued and outstanding on the date of this Agreement. Prior to the transfer, registration, and delivery of such additional Shares and share certificates representing such additional Shares as provided for above, all such additional Shares and share certificates and all dividends, cash, or other property from time to time received in respect thereof shall be held by the Pledgor in trust for the Secured Party, segregated from the other property and funds of the Pledgor, and shall be immediately delivered over to the Secured Party on demand.

2.5 Security Purposes of Pledge

The assignment, pledge, and hypothecation of the Pledged Collateral provided for in this Agreement are intended solely for security purposes and upon payment in full of the Guaranteed Indebtedness and the termination of any and all commitments of the Secured Party relating thereto, the Secured Party shall, at the request and cost of the Pledgor, re-transfer or cause the re-transfer to the Pledgor at such time of the Pledged Collateral and the Secured Party or its agents shall, at the cost and expense of the Pledgor, register financing change statements evidencing the discharge of any registrations filed in connection herewith.

2.6 Attachment

The parties intend the security interest to attach on the date of this Agreement in the case of Pledged Collateral in which the Pledgor has an interest on such date and immediately upon the Pledgor obtaining any interest in the case of Pledged Collateral acquired by the Pledgor after the date of this Agreement.

ARTICLE 3.00 - DEALING WITH THE PLEDGED SHARES BEFORE DEFAULT**3.1 Voting Rights**

So long as the Secured Party has not made any demand for payment upon the Pledgor under the Guarantee, the Pledgor shall be entitled to exercise any and all voting rights pertaining to the Pledged Shares for any purpose not inconsistent with the terms of this Agreement provided that the Pledgor shall not exercise or refrain from exercising any such right if, in the Secured Party's judgment, acting reasonably, such action would have a material adverse effect on the value of the Pledged Collateral.

3.2 Dividends

After the Secured Party has made a demand for payment upon the Pledgor under the Guarantee, all dividends and other distributions paid or payable in respect of the Pledged Shares shall be payable to the Secured Party and shall be credited to the Guaranteed Indebtedness, and shall, if received by the Pledgor, be received in trust for the benefit of the Secured Party, be segregated from the other property and funds of the Pledgor, and be forthwith delivered to the Secured Party in the same form as received (with any necessary endorsement).

ARTICLE 4.00 - DEALING WITH THE SHARES AFTER DEMAND**4.1 Voting and Dividends**

After the Secured Party has demanded payment by the Pledgor of the Guaranteed Indebtedness:

- (a) all rights of the Pledgor to exercise the voting and other consensual rights which the Pledgor would otherwise be entitled to exercise cease; and
- (b) all such rights shall immediately be vested in the Secured Party which shall have the sole right to exercise such voting and other consensual rights.
- (c) the Secured Party shall continue to be entitled to receive all dividends and other distributions payable in respect of any Pledged Shares as described in Section 3.2 hereof, and any such dividends and distributions shall, if received by the Pledgor, be received in trust for the benefit of the Secured Party, be segregated from the other property and funds of the Pledgor, and be forthwith delivered to the Secured Party in the same form as received (with any necessary endorsement).

4.2 Remedies on Default

After the Secured Party has demanded payment by the Pledgor of the Guaranteed Indebtedness, the Secured Party shall have, without obligation to resort to other security or to take recourse against any guarantor or other party liable, the right at any time and from time to time to sell, resell, assign, and deliver all or any of the Pledged Collateral or any part thereof in Canada or elsewhere, in one or more parcels, at the same or different times, and all right, title, interest, claim, and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for immediate or future delivery, and at such price or prices and on such terms as the Secured Party may determine, the Pledgor hereby agreeing that upon any such sale any and all equity and right of redemption shall be automatically waived and released without any further action on the part of the Pledgor, and in connection therewith the Secured Party may grant options, all without any demand, advertisement or notice, all of which are hereby expressly waived by the Pledgor. Until payment in full of the Guaranteed Indebtedness the Secured Party may, in its discretion, retain the Pledged Collateral or any part thereof as continuing collateral security as provided herein. The Secured Party may, in its own right, purchase all or any of the Pledged Collateral being sold, free of any equity or right of redemption. Any cash held by the Secured Party as Pledged Collateral and all proceeds of each such sale may at the discretion of the Secured Party be held as collateral for, or applied to the payment of, all costs and expenses referred to in section 6.4, and after deducting such costs and expenses, any residue may be held as collateral security for or be applied in payment of the Guaranteed Indebtedness in such order as the Secured Party may deem fit, with the Pledgor remaining liable for any deficiency. The balance, if any, remaining after payment in full of the Guaranteed Indebtedness shall be paid over the Pledgor, or to whomever else may be entitled to such balance by law. Notwithstanding the foregoing provisions of this section, the Secured Party shall not in any event be under any duty to do any of the foregoing. The Pledgor hereby ratifies all that the Secured Party shall do by virtue of the foregoing authority.

4.3 Exclusion from Liability

In realizing upon the Pledged Collateral, the Secured Party shall not be responsible for any loss occasioned by any sale or other realization thereof or for the failure to sell or otherwise dispose of the Pledged Collateral, and the Secured Party shall not be bound to protect the Pledged Collateral from depreciating in value.

4.4 **Remedies Cumulative**

The rights, powers, and remedies of the Secured Party under this Agreement shall not be deemed exclusive, but shall be cumulative with and in addition to all other rights, powers, and remedies existing at law, in equity, under statute, by agreement, or otherwise, including without limitation any right of the Secured Party to retain the Pledged Collateral pursuant to the *Personal Property Security Act* (Ontario).

ARTICLE 5.00 – REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PLEDGOR

5.1 **Representations, Warranties, and Covenants of the Pledgor**

The Pledgor represent, warrant, and covenant to and in favour of the Secured Party that:

- (a) The Pledged Collateral is validly pledged under this Agreement in accordance with law, and the Pledgor warrant and covenant to defend the Secured Party's right, security interest, and special property in and to the Pledged Collateral against the claims and demands of all persons whomsoever;
- (b) The Pledgor is the exclusive legal and beneficial owner of, and have good title to, all of the Pledged Collateral free and clear of all claims, liens, security interests, and other encumbrances (except for the security interests created by this Agreement and other security in favour of the Secured Party) and the Pledgor has the unfettered legal right to pledge and assign the Pledged Collateral in accordance with the terms and conditions of this Agreement;
- (c) The Pledged Shares constitute one hundred percent (100%) of the voting shares in the capital of Deem Management Limited and The Uptown Inc. and constitute one hundred percent (100%) of the issued and outstanding common shares of Deem Management Services Limited and all of the voting share of Deem Management Limited owned by the Pledgor; and
- (d) No person, firm, or corporation has any right to acquire or cause to be issued to them any of the Pledged Collateral and the Pledgor shall not, while any Guaranteed Indebtedness is outstanding, without the prior written consent of the Secured Party:
 - (i) transfer, sell, or otherwise dispose of, or enter into any agreement to transfer, sell, or otherwise dispose of, or grant any option respecting, any of the Pledged Collateral; or
 - (ii) cause or permit to be issued any further Shares (except for Shares issued to the Pledgor which are pledged to the Secured Party pursuant to the terms of this Agreement).

All of the foregoing representations, warranties, and agreements made in this Agreement shall survive the execution and delivery of this Agreement and shall be deemed to be continuously made under this Agreement so long as any of the Guaranteed Indebtedness remains outstanding.

ARTICLE 6.00 - GENERAL

6.1 **Additional Security**

The security in respect of the Pledged Collateral provided for under this Agreement is in addition to and not in substitution for any other security now or hereafter held by the Secured Party in relation to the Guaranteed Indebtedness.

6.2 Further Assurances, Immunities, etc.

The Pledgor agrees to do, file, record, make, execute, and deliver all such acts, deeds, things, notices, and instruments as may be necessary or desirable in the opinion of the Secured Party to vest more fully in and assure to the Secured Party the security interests in the Pledged Collateral created by this Agreement or intended to be so created, and the enforcement and full realization of the rights, remedies, and powers of the Secured Party under this Agreement relating to the Pledged Collateral. Without limitation, if at any time after the date of this Agreement, whether or not due to any change in circumstances (including, without limitation, any change in applicable law), it is, in the opinion of counsel for the Secured Party necessary or desirable to file or record this Agreement or any financing statement or other instrument relating to this Agreement, the Pledgor agrees to pay all fees, costs, and expenses of such recording or filing and to execute and deliver any instruments which may be necessary or appropriate to make such filing or recording effective. The Pledgor irrevocably appoints the Secured Party as its attorney-in-fact to perform, in the name of the Pledgor, or otherwise, any and all acts and to execute any instruments which the Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement (including, without limitation, the signing and filing of financing statements and amendments to such financing statements, which the Secured Party may deem necessary or appropriate to effect and continue perfection of the security interests created or intended to be created by this Agreement) but nothing in this Agreement or otherwise shall require the Secured Party to take any such action.

6.3 Duty of the Secured Party

The duty of the Secured Party, with respect to the Pledged Collateral shall be confined to one of reasonable care in the custody thereof so long as the Pledged Collateral is in the custody of the Secured Party. Without limitation, and except as specifically provided for in this Agreement, the Secured Party shall have no duty to send any notices, perform any services, vote, pay for or renew any insurance, exercise any options or make any elections with respect to, or pay any taxes or charges associated with, or otherwise take any other action of any kind with respect to the Pledged Collateral. In addition, the Secured Party shall not have any obligation to take any steps, and the Pledgor shall in each case duly take all steps, necessary to perfect and otherwise preserve against all other parties (including without limitation other shareholders) the rights of the Pledgor and those of the Secured Party in the Pledged Collateral and each and every one of the Pledged Shares.

6.4 Expenses

The Pledgor agrees that the Pledged Collateral secures, in addition to the Guaranteed Indebtedness, and agrees to pay on demand, all reasonable expenses (including but not limited to reasonable agents fees and legal fees and expenses), of, or incidental to, the custody, care, sale, or realization of the Pledged Collateral or part of the Pledged Collateral or in any way relating to the preparation, execution, or delivery of this Agreement or the enforcement or protection of the rights of the Secured Party under this Agreement.

6.5 No Merger

The Pledged Collateral shall not operate by way of merger of the Guaranteed Indebtedness or any indebtedness or liability of any other person or persons to the Secured Party and no judgment recovered by the Secured Party shall operate by way of merger of or in any way affect the security of the Pledged Collateral provided for under this Agreement.

6.6 Extensions

The Secured Party may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower and other parties, sureties, guarantors, or securities as the Secured Party may see fit without prejudice to the liability of the Pledgor or the rights of the Secured Party in respect of the Pledged Collateral.

6.7 No Waiver

No failure or delay on the part of the Secured Party in exercising any of its options, powers, and rights, and no partial or single exercise thereof, shall constitute a waiver thereof of or any other option, power or right.

6.8 Indemnity

The Pledgor shall be liable for, and shall indemnify and save the Secured Party harmless of and from all manner of action, causes of action, demands, claims, losses, costs, damages, and expenses of any and every nature whatsoever which the Secured Party may sustain, pay, or incur in respect of or in connection with :

- (a) any and all actions of the Pledgor pursuant to the exercise by the Pledgor of any voting or other rights respecting any of the Pledged Shares; or
- (b) the lawful and proper exercise or performance by the Secured Party of any of its rights and powers as authorized under this Agreement.

6.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated in all respect as an Ontario contract.

6.10 Entire Agreement, Amendments etc.

This agreement and the agreements referred to herein constitute the entire agreement between the parties hereto and supersede any prior agreements, undertakings, declarations, representations and understandings, both written and verbal, in respect of the subject matter hereof. No amendment, supplement, modification, waiver, or termination of this Agreement shall be binding unless executed in writing by the party or parties to be bound thereby.

6.11 Binding Nature

This Agreement shall be binding upon and enure to the benefit of and be enforceable by the parties to this Agreement and their respective successors and permitted assigns. The Secured Party may assign its rights under this Agreement without the consent of the Pledgor. The Pledgor may not assign its rights under this Agreement without the prior written consent of the Secured Party.

6.12 Severability

Any provisions of this Agreement which is prohibited or unenforceable in any applicable jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without affecting the validity or enforceability of such provision in any other jurisdiction.

7.00 - EXECUTION

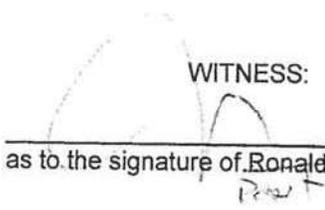
7.1 Counterpart

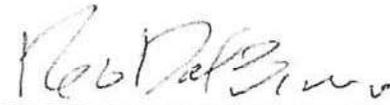
This Agreement may be executed in counterparts and each such counterpart shall for all purposes constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the same counterpart, provided that each party has signed at least one counterpart.

[Remainder of Page is Intentionally Left Blank - Signature Page Follows]

Page 9

WITNESS:


as to the signature of Ronald Dal Bianco



Name: Robert Dal Bianco

Name: Donald Dal Bianco

ACKNOWLEDGEMENT AND DIRECTION

TO: Peter Cass
(Insert lawyer's name)

AND TO: CASS & BISHOP PROFESSIONAL CORPORATION
(Insert firm name)

RE: Notice RE Amending Agreement to Charge on 990 Edward Street, Prescott ("the transaction")
(Insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out in this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form attached hereto being a copy of the version of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as the date of the Agreement of Purchase and sale herein. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;
- The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
- I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
- I, _____, am the spouse of _____, the (Transferor/Chargor), and hereby consent to the transaction described in the Acknowledgment and Direction. I authorize you to indicate my consent on all the Documents for which it is required.

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

- A Transfer of the land described above.
- A Charge of the land described above.

Other documents set out in Schedule "B" attached hereto
 Dated at Toronto, this 14th day of FEBRUARY, 2018.

WITNESS

(As to all signatures, if required)

DEEM MANAGEMENT-LIMITED

Robert Dal Bianco

PER: ROBERT DAL BIANCO, PRESIDENT

I HAVE THE AUTHORITY TO BIND THE CORPORATION

Robert Dal Bianco

GUARANTOR: ROBERT DAL BIANCO

LRO # 15 Notice

In preparation on 2018 02 05 at 14:17

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 1

Properties

PIN 68155 - 0294 LT
 Description PT LT E, F PL 19 PRESCOTT AS IN PR66370; PRESCOTT
 Address 990 EDWARD ST
 PRESCOTT

Consideration

Consideration \$2.00

Applicant(s)

The notice is based on or affects a valid and existing estate, right, interest or equity in land

Name DEEM MANAGEMENT LIMITED
 Acting as a company
 Address for Service 121 Oak Park Drive, Waterloo, Ontario,
 N2K 0B3
 I, Robert Dal Bianco, 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 DAL BIANCO, DONALD JOSEPH
 Acting as an individual
 Address for Service 87 Huron Street, Saugeen Shores, Ontario, N0H 2L0

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

Statements

This notice is pursuant to Section 71 of the Land Titles Act.

This notice may be deleted by the Land Registrar when the registered instrument, WIP Instru registered on 2010/04/16 to which this notice relates is deleted

Schedule:

File Number

Party To Client File Number : 042913002

AGREEMENT AMENDING CHARGE

THIS AGREEMENT made the 1st day of February, 2018 with effect as of the 1st day of April, 2012

BETWEEN:

DEEM MANAGEMENT LIMITED
(hereinafter called the "Chargor")

OF THE FIRST PART

- and -

DONALD JOSEPH DAL BIANCO
(hereinafter called the "Chargee")

OF THE SECOND PART

WHEREAS pursuant to a Charge/Mortgage of Land granted by 478729 Ontario Limited (the "Original Chargor"), as chargor, to and in favour of the Chargee, as chargee, registered as Instrument No. GC4794 on the 16th day of April, 2010 (the "Charge") in the Land Registry Office for the Land Titles Division of Grenville (No. 15) (the "Registry Office"), the Original Chargor mortgaged and charged the lands and premises legally described as Part Lots E and F, Plan 19 (Prescott), as in Instrument No. PR66370, Town of Prescott, being all of PIN 68155-0294(LT), and municipally known as 990 Edward Street, Prescott, Ontario (the "Property") to and in favour of the Chargee to secure payment of the original principal sum of ONE MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) with interest thereon set out upon the terms therein mentioned;

AND WHEREAS the Property was transferred from the Original Chargor to the Chargor by a Transfer/Deed of Land registered in the Registry Office as Instrument No. GC9157 on the 18th day of November, 2010 and the Chargor assumed all of the obligations under the Charge;

AND WHEREAS the Charge was amended by an Agreement Amending Charge made as of the 1st day of January, 2012 between the Chargor and the Chargee, notice of which was registered on title to the Property as Instrument GC31525 on the 24th day of July, 2014;

AND WHEREAS the Charge as referred to herein means the Charge, as amended by the aforementioned Agreement Amending Charge;

AND WHEREAS the Chargor and the Chargee wish to further amend the Charge.

NOW THEREFORE in consideration of the sum of ONE (\$1.00) DOLLAR now paid by each of the Chargor and the Chargee to the other and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Chargor and the Chargee agree and covenant as follows:

1. AMENDMENTS TO CHARGE

The following provisions of the Charge are hereby amended:

- (a) The Principal amount under the heading "Provisions" on the first page of the Charge is changed to \$7,978,753.45;
- (b) The Interest Rate under the heading "Provisions" on the first page of the Charge is changed to The Prime Rate plus 2% per annum;
- (c) The Calculation Period under the heading "Provisions" on the first page of the Charge is changed to "monthly, not in advance";
- (d) The Payment Date under the heading "Provisions" on the first page of the Charge is changed to "On Demand"; and

- (e) Paragraph 1(a) in the Additional Provisions contained in the Schedule to the Charge is deleted in its entirety and is replaced with the following provision:

“The amount of principal secured by this Charge is \$7,978,753.45 and the rate of interest chargeable thereon commencing from the date of this Charge is the Prime Rate plus 2% per annum, calculated monthly, not in advance. For the purposes hereof, the “**Prime Rate**” means the minimum or prime lending rate of interest per annum as disclosed by The Toronto-Dominion Bank from time to time and used by it as a reference rate of interest for Canadian dollar loans made by it in Canada and adjusted automatically upon any change by The Toronto-Dominion Bank. Interest shall be paid by the Chargor on demand at the same time that the Chargee makes demand on the Chargor for repayment of the outstanding principal amount secured by this Charge.”

2. INTEREST

The Chargor and the Chargee acknowledge and agree that accrued and unpaid interest in the amount of \$689,461.20 has accrued on the outstanding principal amount secured by this Charge from April 1, 2012 to January 26, 2018 at the rate of 5% per annum and is secured by this Charge. The Chargor and the Chargee acknowledge and agree that interest shall accrue on the principal amount secured by this Charge from and after January 26, 2018 at the Prime Rate plus 2% per annum and shall be secured by this Charge.

3. CONTINUATION

- a. The parties hereto confirm that, in all other respects, the terms and conditions in the Charge are unamended and shall continue in full force and effect and the Property shall continue to be charged on and subject to the terms and conditions contained in the Charge.
- b. All security and ancillary documentation delivered by the Chargor to the Chargee shall continue in full force and effect and the Chargor agrees to abide by the terms therein.

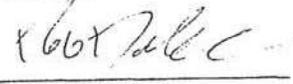
4. ADDITIONAL PROVISIONS

The Chargor and the Chargee covenant and agree as follows:

- a. Nothing herein contained shall create any merger or alter the rights of the Chargee as against the Chargor, any subsequent encumbrancer or other person interested in the Property, nor affect the liability of any person not a party hereto who may be liable to pay the said liabilities or the rights of any such person all of which rights are hereby reserved;
- b. In construing this document, the words “Chargor” and “Chargee” and all personal pronouns shall be read as the number and gender of the party or parties referred to herein requires and all necessary grammatical changes, as the context requires, shall be deemed to be made;
- c. The provisions of this document shall enure to and be binding upon the heirs, executors administrators, successors and assigns of each party;
- d. The Chargor hereby acknowledges receipt of a copy of this agreement together with all ancillary documents related thereto;
- e. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein; and
- f. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

DEEM MANAGEMENT LIMITED

Per: 

Name: Robert Dal Bianco

Title: President

I have the authority to bind the corporation.



ROBERT DAL BIANCO (Guarantor)

Witness 

Witness _____

DONALD JOSEPH DAL BIANCO

ACKNOWLEDGEMENT AND DIRECTION

TO: Peter Cass
(Insert lawyer's name)

AND TO: CASS & BISHOP PROFESSIONAL CORPORATION
(Insert firm name)

RE: Mortgage to DONALD DAL BIANCO on 229 Lexington Road, Waterloo ("the transaction")
(Insert brief description of transaction)

This will confirm that:

- I/We have reviewed the information set out in this Acknowledgement and Direction and in the documents described below (the "Documents"), and that this information is accurate;
- You, your agent or employee are authorized and directed to sign, deliver, and/or register electronically, on my/our behalf the Documents in the form attached.
- You are hereby authorized and directed to enter into an escrow closing arrangement substantially in the form attached hereto being a copy of the version of the Document Registration Agreement, which appears on the website of the Law Society of Upper Canada as the date of the Agreement of Purchase and sale herein. I/We hereby acknowledge the said Agreement has been reviewed by me/us and that I/We shall be bound by its terms;
- The effect of the Documents has been fully explained to me/us, and I/we understand that I/we are parties to and bound by the terms and provisions of the Documents to the same extent as if I/we had signed them; and
- I/we are in fact the parties named in the Documents and I/we have not misrepresented our identities to you.
- I, _____, am the spouse of _____, the (Transferor/Chargor), and hereby consent to the transaction described in the Acknowledgment and Direction. I authorize you to indicate my consent on all the Documents for which it is required.

DESCRIPTION OF ELECTRONIC DOCUMENTS

The Document(s) described in the Acknowledgement and Direction are the document(s) selected below which are attached hereto as "Document in Preparation" and are:

A Transfer of the land described above.

A Charge of the land described above.

Other documents set out in Schedule "B" attached hereto

Dated at Waterloo, this 14th day of FEBRUARY, 2018.

WITNESS

(As to all signatures, if required)

DEEM MANAGEMENT SERVICES LIMITED
Robert Dal Bianco
PER: ROBERT DAL BIANCO, PRESIDENT

I HAVE THE AUTHORITY TO BIND THE CORPORATION

Robert Dal Bianco
GUARANTOR: ROBERT DAL BIANCO

LRO # 58 Charge/Mortgage

In preparation on 2018 02 05 at 14:18

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 1

Properties

PIN 22291 - 0628 LT Interest/Estate Fee Simple
 Description PT. BLOCK A PLAN 1313, BEING PTS. 1, 4, 5 ON 58R-6774 & PT. 3 ON 58R-2194. S/T
 EASEMENT IN GROSS OVER PT. 1 ON 58R-17857, AS IN WR853469; CITY OF
 WATERLOO
 Address 229 LEXINGTON ROAD
 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 DEEM MANAGEMENT SERVICES LIMITED
 Acting as a company
 Address for Service 121 Oak Park Drive, Waterloo, Ontario,
 N2K 0B3

I, Robert Dal Bianco, have the authority to bind the corporation.

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

Chargee(s)

Capacity

Share

Name DAL BIANCO, DONALD
 Acting as an individual
 Address for Service 87 Huron Street, Saugeen Shores, Ontario, N0H 2L0

Statements

Schedule: See Schedules

Provisions

Principal \$7,978,753.45 Currency CDN
 Calculation Period not in advance
 Balance Due Date On Demand
 Interest Rate 8% compounded monthly, calculated daily
 Payments
 Interest Adjustment Date 2012 04 02
 Payment Date 16th day of every month
 First Payment Date
 Last Payment Date
 Standard Charge Terms 200033
 Insurance Amount Full insurable value
 Guarantor Robert Dal Bianco

Additional Provisions

The mortgages, charges, and security granted hereby secures payment to the Secured Party of the principal amount of \$7,978,753.45 plus interest accrued plus compound on the unpaid principal amount and interest calculated at the rate of 8% per annum payable monthly, as well after as before maturity, default and judgment and interest on overdue interest at the aforesaid which may be reflected in a promissory note or notes and other security documents as amended from time to time (the "Obligations").

Interest accrued from the Interest Adjustment date to January 26, 2018 is \$1,795,417.60 as part of the Obligations.

Interest due on demand.

File Number

Chargee Client File Number : 042913002

FORBEARANCE AGREEMENT

THIS AGREEMENT made the 14th day of February, 2018

AMONG:

**ROBERT DAL BIANCO, DEEM MANAGEMENT SERVICES LIMITED,
DEEM MANAGEMENT LIMITED and THE UPTOWN INC.**
(hereinafter, collectively, referred to as the “**Debtors**”)

OF THE FIRST PART;

- and -

DONALD DAL BIANCO
(hereinafter referred to as the “**Lender**”)

OF THE SECOND PART;

WHEREAS:

- A. Commencing on April 1, 2012, the Lender made unsecured advances to Deem Management Services Limited from time to time in the amount of the Indebtedness on the basis that the Indebtedness is repayable on demand;
- B. On January 30, 2018, the Lender demanded repayment of the Indebtedness from Deem Management Services Limited;
- C. The Lender has rights and remedies against Deem Management Services Limited at law to recover the Indebtedness from Deem Management Services Limited if it fails to repay the Indebtedness on demand;
- D. Deem Management Services Limited has advised the Lender that it does not presently have sufficient cash resources or unencumbered assets to repay the Indebtedness to the Lender at this time and Deem Management Services Limited has requested that the Lender forbear from exercising its rights and remedies against Deem Management Services Limited; and
- E. The Lender has agreed to so forbear during the Forbearance Period (as that term is defined in Section 2.2 below), on and subject to the terms and conditions contained herein including, without limitation, that Deem Management Services Limited executes and delivers the Loan Agreement in order to evidence the Indebtedness and each of the Debtors executes the Security Documents that it is a party to as described in Schedule “C”.

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NOW THEREFORE, in consideration of the sum of ONE DOLLAR (\$1.00) now paid by each of the parties hereto to the other, the mutual covenants contained in this Agreement, and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Debtors and the Lender covenant and agree with each other as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

In this Agreement, in addition to other terms that may be defined in this Agreement, the following terms shall have the following meanings unless the context shall otherwise require:

- (a) **“Article”, “Section”, “Subsection”, “Paragraph”** or similar terms refer to the specified article, section, subsection, paragraph or other portion of this Agreement;
- (b) **“Business Day”** means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario or a municipal holiday in the City of Toronto;
- (c) **“Event of Default”** has the meaning set forth in Section 5.1 hereof;
- (d) **“Forbearance Period”** has the meaning set forth in Section 2.2 hereof;
- (e) **“Indebtedness”** has the meaning set forth in Section 2.1 hereof;
- (f) **“Loan Agreement”** means the loan agreement dated the date hereof with effect as of the 1st day of April, 2012 between Deem Management Services Limited and the Lender in the form attached hereto as Schedule “A”;
- (g) **“party”** or **“parties”** means any one or more of the parties referred to in this Agreement, as the context may require;
- (h) **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative or governmental authority;
- (i) **“Properties”** means the real property described in Schedule “B” attached hereto; and
- (j) **“Security Documents”** means, collectively, (a) the security documents granted by the Debtors to and in favour of the Lender listed in Schedule “C” hereto pursuant to which, among other things, each of the Debtors grants a security interest to and in favour of the Lender in all of his or its assets, property and undertaking including, without limitation, in all of the personal property owned by the Debtors and located at, situated on, relating to, used in connection with or

- 3 -

generated or derived from the use or disposition of the Properties, as security for the obligations of the Debtors to Deem Management Limited under the Loan Agreement; (b) all existing security agreements granted by The Uptown Inc. to the Lender including, without limitation, the charge/mortgage granted by Deem Management Services Limited to and in favour of the Lender in the original principal amount of \$4,517,511.00 registered as Instrument No. WR888817 on June 25, 2015 against the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628; and (c) the charge/mortgage securing the original principal amount of \$7,978,753.45 originally granted by 478729 Ontario Limited to and in favour of the Lender and registered as Instrument No. GC4794 on April 16, 2010 against the lands and premises legally described as Part Lots E and F, Plan 19 (Prescott), as in Instrument No. PR66370, Town of Prescott, being all of PIN 68155-0294(LT) (the "**Prescott Property**"), as amended by an amending agreement, notice of which was registered against the Prescott Property as Instrument No. GC31525 on July 24, 2014 and further amended by an amending agreement, notice of which was registered against the Prescott Property as Instrument No. _____ on February __, 2018.

1.2 Schedules.

The following schedules are attached to and form part of this Agreement:

Schedule "A" - Loan Agreement
 Schedule "B" - Legal Description of Properties
 Schedule "C" - Security

ARTICLE 2 FORBEARANCE

2.1 Indebtedness.

Deem Management Services Limited acknowledges itself to be indebted to the Lender in the principal amount of \$7,978,753.45 as at the date hereof together with accrued interest thereon from April 1, 2012 to January 26, 2018 in the amount of \$689,461.20 (hereinafter referred to as the "**Indebtedness**"). Each of the other Debtors acknowledges that they are liable to the Lender for all of the Indebtedness pursuant to guarantees provided by each of them to the Lender, on which guarantees the Lender relies and but for which the Lender would not enter into this Agreement. The Debtors acknowledge that additional interest shall accrue on the Indebtedness from and after January 26, 2018 at the interest rate and in accordance with the terms set out in the Loan Agreement and shall be added to and included in the Indebtedness.

2.2 Forbearance.

In consideration of the execution and delivery of the Loan Agreement by Deem Management Services Limited and the execution and delivery by the Debtors of the guarantees and other Security Documents described in Schedule "C" attached hereto and

- 4 -

other good and valuable consideration, and subject to the terms and conditions contained in this Agreement, the Lender agrees and covenants to refrain from making demand for payment of the Indebtedness on Deem Management Services Limited and the other Debtors and from exercising any and all of his rights and remedies against the Debtors to seek recovery of the Indebtedness from the Debtors including, without limitation, any and all rights and remedies arising pursuant to the Security Documents, at law or in equity from the date hereof until the earlier of: (a) the date that is six (6) months after the date hereof; and (b) the occurrence of an Event of Default (the "**Forbearance Period**"). Upon the expiration or termination of the Forbearance Period, the agreement of the Lender to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Lender to exercise its rights and remedies against the Debtors immediately.

2.3 Covenants of the Debtors.

During the Forbearance Period, each of the Debtors agrees and covenants with the Lender as follows:

- (a) to perform all of his or its respective agreements, covenants and obligations under the Loan Agreement and the Security Documents;
- (b) not to sell, convey, transfer, exchange, assign or otherwise dispose of, or enter into any agreement for the sale, transfer, exchange or other disposition of, any of his or its assets, property or undertaking that is subject to the Security Documents or charge, mortgage, grant a security interest in or otherwise encumber any of his or its assets, property or undertaking that is subject to the Security Documents, without the prior written consent of the Lender, which consent may be withheld by the Lender in his sole, subjective and absolute discretion; save and except that the foregoing shall not prevent Deem Management Services Limited from completing the purchase and sale of the lands and premises municipally known as 990 Edward Street North, Prescott, Ontario to Arch Long Term Care LP or its permitted assignee;
- (c) within one hundred and twenty (120) days after the end of its fiscal year, or more often if requested by the Lender, each of the Debtors that are corporations will deliver to the Lender unaudited financial statements including a Balance Sheet and supporting schedules, a detailed Statement of Income and Expenditures and supporting schedules, and a Statement of Change in Cash Flow. Each of the Debtors that is an individual will deliver to the Lender a net worth statement within one hundred and twenty (120) days after the end of each calendar year. Each of the Debtors will, upon the Lender's request, provide to the Lender such further financial information, reports or statements as may be requested by the Lender; from time to time;
- (d) upon five (5) Business Days' notice, to provide the Lender with full access to all of their respective books and records at any time and from time to time. The Lender shall be entitled to appoint a certified public accountant to perform a

- 5 -

financial audit of any of the Debtors, which financial audit shall be at the Debtor's expense and shall be added to the Indebtedness; and

- (e) to, from time to time, pay on demand the Lender's legal fees and disbursements in connection with this Agreement, the negotiations relating to this Agreement and the enforcement hereof (collectively, "**Legal Costs**"). The Lender may pay all such Legal Costs if the Debtors fail to promptly do so, whereupon the Lender may add such costs to the Loan and same shall be secured by the Security Documents.

2.4 Demand.

Each of the Debtors: (a) acknowledges receipt of a copy of the demand for payment of the Indebtedness made to Deem Management Services Limited by the Lender's solicitors on behalf of the Lender on January 30, 2018; and (b) agrees that, upon the termination of the Forbearance Period, such demand and notice shall be valid and need not be sent again by the Lender.

ARTICLE 3 ACKNOWLEDGEMENTS AND CONSENTS

3.1 Acknowledgments.

Each of the Debtors hereby confirms and acknowledges that:

- (a) the facts set out in the recitals are true, correct and accurate in all respects;
- (b) the Debtors are liable for the Indebtedness;
- (c) the Debtors hereby waive any claim any of them may assert that the Debtors were not afforded a "reasonable notice period" as determined by the common law, and hereby waive any further notice period; and
- (d) the Lender is fully entitled to exercise all of its rights and remedies against the Debtors.

3.2 Waiver and Release.

Each of the Debtors acknowledges that, to date, the actions of the Lender in connection with the Indebtedness and in entering into this Agreement have been fair and reasonable and each of them hereby confirms that as of the date hereof it has no claim whatsoever against the Lender. Each of the Debtors:

- (a) agrees to waive and not to assert or cause to be asserted on their behalf any defences, rights or claims with respect to any future enforcement of the Security Documents or any of the right, remedies and recourses of the Lender against the Debtors or any of their property; and

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- (b) hereby releases and remises the Lender and his heirs, executors, administrators, estate trustees and assigns of and from any and all claims they, or any of them, may have against the Lender, and his heirs, executors, administrators, estate trustees and assigns as of the date hereof in respect of any cause, matter or thing relating to the Indebtedness.

Upon the request of the Lender, each of the Debtors will execute a full release in favour of the Lender. Further, in executing and delivering this Agreement, each of the Debtors confirms that he or it understands the effect of this Agreement, having sought or waived independent legal advice with respect thereto, and that he or it is acting freely and without duress.

3.3 Consent.

Each of the Debtors consents to the immediate enforcement of the Security Documents or any part thereof by the Lender, as the Lender deems appropriate in his sole, subjective and absolute discretion, subject only to the forbearance of the Lender as set out in Article 2 herein.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties.

Each of the Debtors represents and warrants to the Lender and acknowledges that the Lender is relying on such representations and warranties in entering into this Agreement, as follows:

- (a) each of them has the power and authority to enter into and perform his or its obligations under this Agreement and the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate actions by each of them, as applicable; and
- (b) this Agreement does not conflict with or result in the breach or violation of or constitute a default under the constating documents or by-laws of any of them or any judgment, commitment, agreement or any other instruments or agreements to which any of them is bound, nor does it require the consent or approval of any other party.

The representations and warranties of the Debtors set forth in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect until repayment of all amounts outstanding or which may become outstanding to the Lender pursuant to the Loan Agreement.

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**ARTICLE 5
DEFAULT****5.1 Default.**

Each of the following events shall constitute an event of default ("**Event of Default**") under this Agreement:

- (a) if an event of default occurs under the Loan Agreement and such default persists beyond any applicable cure period therein other than a default in repayment of the Indebtedness on demand during the Forbearance Period;
- (b) if any of the Debtors defaults in any of their respective obligations under the Security Documents and such default persists beyond any applicable cure period therein other than a default in repayment of the Indebtedness on demand during the Forbearance Period;
- (c) if any default is made by the Debtors in the performance of any of his, its or their obligations under this Agreement and such default is not remedied within ten (10) days after the Debtors' receipt of written notice from the Lender specifying the nature of the default;
- (d) if there is in the opinion of the Lender, acting reasonably, any material deterioration of his security, or imminent risk of same, whether as a result of the acts or omissions of any of the Debtors, or of any third party or parties;
- (e) if any Person appoints a receiver or receiver and manager, or if an order is made by any court appointing a receiver or receiver and manager over the assets, property and undertaking of any of the Debtors or any part thereof; and
- (f) if any representation, warranty or statement contained herein or any document delivered by the Debtors pursuant hereto is materially incorrect.

5.2 Consequence of Default.

An Event of Default hereunder shall constitute an Event of Default under the Loan Agreement and the Security Documents. Upon the occurrence of an Event of Default, the Forbearance Period shall automatically and immediately terminate and end, without any notice to the Debtors.

Upon:

- (a) the occurrence of an Event of Default, or
- (b) the expiry of the Forbearance Period (unless the Debtors have, prior to the expiration of the Forbearance Period, repaid all of the Indebtedness in full),

the Lender shall be entitled to enforce its rights and remedies under the Loan Agreement

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and the Security Documents, without demand or notice (except as may be provided herein or therein or required by law) to the Debtors.

ARTICLE 6 GENERAL

6.1 Timely Performance.

It is intended by all parties hereto that the obligations in this Agreement shall be performed strictly in accordance with the provisions hereof and in a timely manner, with time being of the essence. Accordingly, should an Event of Default occur in the timely performance of obligations by the Debtors for any reason whether or not it is within his or its control, the Lender shall upon the occurrence of such Event of Default be entitled to rely strictly on his rights and remedies as set forth in this Agreement.

6.2 Entire Agreement.

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and contains all of the representations, warranties, undertakings, covenants, agreements and promises of the parties hereto with respect to the subject matter of this Agreement. This Agreement supersedes all prior negotiations, representations, warranties, undertakings, covenants, agreements and promises or agreements between the parties hereto, whether written or verbal, with respect to the subject matter of this Agreement.

6.3 Severability.

If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

6.4 No Waiver.

None of the covenants and agreements of the Lender in this Agreement, nor the performance thereof at any time, will constitute, or be deemed or implied to be, a waiver by the Lender of any default, either hereunder or under any other agreement with the Debtors that has occurred to the date hereof or any other subsequent default by the Debtors. The Lender may waive any Event of Default in his sole discretion but no such waiver shall constitute a waiver of any other or subsequent Event of Default and any such waiver shall be binding on the Lender only if given in writing.

6.5 Notice.

All notices, requests, demands or other communications (each a "Notice") to be given pursuant to this Agreement shall be in writing and delivered by personal delivery (which includes delivery by a recognized courier service) or by facsimile transmission or electronic transmission in pdf format as follows:

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(a) In the case of the Debtors to:

Robert Dal Bianco, Deem Management Services Limited
Deem Management Limited and The Uptown Inc.
209 Lexington Road, Unit F2
Waterloo, ON N2K 2E1

Attention: Robert Dal Bianco, President
Email: rpdalbianco@gmail.com
Fax: 519.772.1034

With a copy to:

Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, Ontario M5C 3G5

Attention: John Wolf
Email: jwolf@blaney.com
Fax: 416.596.2044

(b) In the case of the Lender to:

Donald Dal Bianco
87 Huron Street
Saugeen Shores, Ontario N0H 2L0

Facsimile: _____
Email: dondalbianco@gmail.com

With a copy to:

Cass & Bishop LLP
3455 Harvester Road, Unit 31
Burlington, Ontario L7N 3P2

Attention: Peter Cass
Email: pcass@cassbishop.ca
Fax: 905.632.9076

Any Notice so given, if personally delivered, shall be deemed to have been given and received on the date of actual delivery thereof or if delivered by facsimile transmission or electronic transmission in pdf format, shall be deemed to have been given and received on the date of transmittal thereof, if delivered prior to 5:00 p.m. on a Business Day, otherwise it shall be deemed to have been given and received on the next following Business Day.

6.6 Successors and Assigns.

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, estate trustees, successors and permitted assigns. This Agreement shall not be assigned by any of the Debtors without the prior written consent of the Lender, which consent may be withheld by the Lender in his sole, subjective and absolute discretion.

6.7 Governing Law.

The Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable herein and the parties hereto hereby agree to submit to the jurisdiction of the Courts of the Province of Ontario in respect to any dispute that may arise in respect to this Agreement.

6.8 Receipt of Copy.

Each of the Debtors hereby acknowledges having received a signed copy of this Agreement.

6.9 Confidentiality.

Each of the parties hereto agrees not to disclose the contents of this Agreement to any Person other than his or its professional advisors for the purpose of obtaining advice with respect to his or its rights and obligations under this Agreement, without in each case the prior written consent of the other parties hereto except as required to do so at law or by a Court of competent jurisdiction and except in any legal proceedings commenced by or involving such party.

6.10 Counterparts.

Each of the parties agrees that this Agreement may be executed in any number of separate counterparts with the same effect as if all parties hereto had signed the same document, each of which when executed shall be deemed to be an original. Such counterparts shall be construed as and shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out above. This Agreement may be executed and delivered by facsimile or electronic transmission and the execution and delivery of this Agreement by facsimile or electronic transmission shall be binding upon the party delivering same, and may be relied upon by the party receiving same, as if it was an originally signed document. Any party that delivers a counterpart copy of this Agreement by facsimile or electronic transmission shall deliver an originally executed copy of this Agreement promptly thereafter; provided that the failure to do so shall not affect the validity or enforceability of this Agreement.

[Remainder of Page is Intentionally Left Blank - Signatures Page Follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement with effect as of the date first written above.

SIGNED, SEALED & DELIVERED
in the presence of:

Witness

[Handwritten mark]

[Handwritten signature]

ROBERT DAL BIANCO

DEEM MANAGEMENT LIMITED

Per:

[Handwritten signature]

Name:

Title:

Per:

Name:

Title:

I/We have authority to bind the corporation

DEEM MANAGEMENT SERVICES LIMITED

Per:

[Handwritten signature]

Name:

Title:

Per:

Name:

Title:

I/We have authority to bind the corporation

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THE UPTOWN INC.

Per: Donald Dal Bianco
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation

Witness

DONALD DAL BIANCO

SCHEDULE "A"
LOAN AGREEMENT

SCHEDULE "B"
LEGAL DESCRIPTION OF PROPERTIES

Firstly (215-229 Lexington Road, Waterloo, Ontario):

Part Block A, Plan 1313,
being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194,
s/t easement in gross over Part 1 on Plan 58R-17857, as in Instrument No. WR853469,
City of Waterloo,
being all of PIN 22291-0628(LT).

Owned by Deem Management Services Limited.

Secondly (55 Hugo Crescent, Kitchener, Ontario, Conestoga Lodge):

Part Lot 70 (Subdivision of Lot 18 German Company Tract),
designated as Parts 2 and 3, Plan 58R-5364,
City of Kitchener,
being all of PIN 22495-0207(LT).

Owned by Deem Management Services Limited.

Thirdly (990 Edward Street, Prescott, Ontario):

Part Lots E and F, Plan 19 (Prescott),
as in Instrument No. PR66370,
Town of Prescott,
being all of PIN 68155-0294(LT).

Owned by Deem Management Services Limited.

Fourthly:

Part of the Township of Strathcona,
being Parts 22, 23, 24, 25, 26, 27, 28 and 29 on Plan 36R-13206,
Together with an easement over Parts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18,
19, 20 and 21 on Plan 36R-13206 as in BS98670;
Subject to an easement over Part 3 on Plan 36R-9321; and
Subject to an easement over Parts 22 to 29 on Plan 36R-13206 in favour of SRO part of the
Townships of Strathcona and Strathy being Part 30 on Plan 36R-13206 as in BS102576,
Municipality of Temagami,
being all of PIN 49012-0246(LT).

Owned by Deem Management Services Limited.

SCHEDULE "C"
SECURITY

1. Charge/Mortgage securing the original principal amount of \$7,978,753.45 granted by Deem Management Services Limited to and in favour of the Lender and registered as Instrument No. _____ on February _____, 2018 against the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT).
2. Guarantee by Robert Dal Bianco of the obligations of Deem Management Services Limited to the Lender.
3. Guarantee by Deem Management Limited of the obligations of Deem Management Services Limited to the Lender.
4. Guarantee by The Uptown Inc. of the obligations of Deem Management Services Limited to the Lender.
5. General Security Agreement granted by Deem Management Services Limited to and in favour of the Lender.
6. General Security Agreement granted by Deem Management Limited to and in favour of the Lender.
7. General Security Agreement granted by The Uptown Inc. to and in favour of the Lender.
8. Share Pledge Agreement between Robert Dal Bianco and Don Dal Bianco in respect all of the issued and outstanding shares of Deem Management Services Limited and The Uptown Inc. owned by Robert Dal Bianco.

**RESOLUTION OF THE SOLE DIRECTOR
OF
DEEM MANAGEMENT SERVICES LIMITED
(the "Corporation")**

WHEREAS Donald Dal Bianco (the "Lender") has agreed to loan the amount of \$7,978,753.45 to the Corporation pursuant to a loan agreement between the Lender and the Corporation dated on or about February 14, 2018 with effect as of April 1, 2012 (the "Loan Agreement") and, as security for its obligations and liability under the Loan Agreement, the Corporation has agreed to grant to and in favour of the Lender a charge, mortgage and security interest in all of its assets, property and undertaking;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Corporation is authorized to borrow monies from the Lender on and subject to the terms and conditions contained the Loan Agreement, in the form submitted to the sole director of the Corporation for his approval.
2. The Corporation is hereby authorized to enter into, execute and deliver the Loan Agreement and to observe and perform all of its agreements, covenants and obligations set out in the Loan Agreement.
3. The Corporation is hereby authorized to enter into and perform all of its agreements, covenants and obligations set out in, and to encumber its property and assets in the manner contemplated by, each of the following documents together with all other documents contemplated under the Loan Agreement or executed and delivered by the Corporation in furtherance of the transactions contemplated under the Loan Agreement or otherwise required by the Lender (collectively, the "Security Documents"):
 - (a) a charge/mortgage of the lands and premises municipally known as 229 Lexington Road, Waterloo, Ontario granted by the Corporation and in favour of the Lender securing the original principal amount of \$7,978,753.45 and an Acknowledgment and Direction of the Corporation in favour of Peter Cass, Barrister and Solicitor, to register same; and
 - (b) a Security Agreement.
4. Any one (1) officer or director of the Corporation is hereby authorized and directed:
 - (a) to execute and to deliver the Security Documents and all other agreements, instruments, certificates and other documents for and on behalf of and in the name of the Corporation, as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan Agreement and the registration of the charge/mortgage referred to in this resolution, each to be in such form and content as he may approve, his signature thereto being conclusive evidence of such approval; and

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- (b) to do all such further acts and things and give such further assurances as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan Agreement and the registration of the charge/mortgage referred to in this resolution.

The foregoing resolution is hereby enacted by the sole director of the Corporation in accordance with the provisions contained in the *Business Corporations Act* (Ontario) as evidenced by the signature hereto of the sole director of the Corporation.

DATED this 14th day of February, 2018.



Robert Dal Bianco

**RESOLUTION OF THE SOLE DIRECTOR
OF
DEEM MANAGEMENT LIMITED
(the "Corporation")**

WHEREAS Donald Dal Bianco (the "**Lender**") has agreed to loan the amount of \$7,978,753.45 to Deem Management Services Limited (the "**Borrower**") pursuant to a loan agreement between the Lender and the Borrower dated on or about February 14, 2018 with effect as of April 1, 2012 (the "**Loan Agreement**");

WHEREAS the Corporation has agreed to guarantee the obligations of the Borrower to the Lender under the Loan Agreement and, as security for its obligations and liability under such guarantee, the Corporation has agreed to grant to and in favour of the Lender a charge, mortgage and security interest in all of its assets, property and undertaking;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

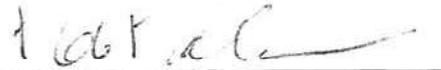
1. The Corporation is hereby authorized to guarantee the obligations of the Borrower to the Lender under the Loan Agreement in the form of guarantee submitted to the sole director of the Corporation for his approval (the "**Guarantee**").
2. The Corporation is hereby authorized to enter into, execute and deliver the Guarantee and to observe and perform all of its agreements, covenants and obligations set out in the Guarantee.
3. The Corporation is hereby authorized to enter into and perform all of its agreements, covenants and obligations set out in, and to encumber its property and assets in the manner contemplated by, each of the following documents together with all other documents contemplated under the Loan Agreement or executed and delivered by the Corporation in furtherance of the transactions contemplated under the Loan Agreement or otherwise required by the Lender (collectively, the "**Security Documents**"):
 - (a) an Agreement Amending Charge to amend the existing charge/mortgage of the lands and premises municipally known as 990 Edward Street, Prescott, Ontario to, among other things, increase the principal amount thereof to \$7,978,753.45 and an Acknowledgment and Direction of the Corporation in favour of Peter Cass, Barrister and Solicitor, to register same; and
 - (b) a General Security Agreement.
4. Any one (1) officer or director of the Corporation is hereby authorized and directed:
 - (a) to execute and to deliver the Security Documents and all other agreements, instruments, certificates and other documents for and on behalf of and in the name of the Corporation, as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan Agreement, the Guarantee and the registration of the Agreement Amending Charge referred to in this resolution, each to be in such form and content as he may approve, his signature thereto being conclusive evidence of such approval; and

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- (b) to do all such further acts and things and give such further assurances as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan Agreement, the Guarantee and the registration of the Agreement Amending Charge referred to in this resolution.

The foregoing resolution is hereby enacted by the sole director of the Corporation in accordance with the provisions contained in the *Business Corporations Act* (Ontario) as evidenced by the signature hereto of the sole director of the Corporation.

DATED this 14th day of February, 2018.



Robert Dal Bianco

**RESOLUTION OF THE SOLE DIRECTOR
OF
THE UPTOWN INC.
(the "Corporation")**

WHEREAS Donald Dal Bianco (the "**Lender**") has agreed to loan the amount of \$7,978,753.45 to Deem Management Services Limited (the "**Borrower**") pursuant to a loan agreement between the Lender and the Borrower dated on or about February 14, 2018 with effect as of April 1, 2012 (the "**Loan Agreement**");

WHEREAS the Corporation has agreed to guarantee the obligations of the Borrower to the Lender under the Loan Agreement and, as security for its obligations and liability under such guarantee, the Corporation has agreed to grant to and in favour of the Lender a charge, mortgage and security interest in all of its assets, property and undertaking;

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The Corporation is hereby authorized to guarantee the obligations of the Borrower to the Lender under the Loan Agreement in the form of guarantee submitted to the sole director of the Corporation for his approval (the "**Guarantee**").
2. The Corporation is hereby authorized to enter into, execute and deliver the Guarantee and to observe and perform all of its agreements, covenants and obligations set out in the Guarantee.
3. The Corporation is hereby authorized to enter into and perform all of its agreements, covenants and obligations set out in, and to encumber its property and assets in the manner contemplated by a General Security Agreement together with all other documents contemplated under the Loan Agreement or executed and delivered by the Corporation in furtherance of the transactions contemplated under the Loan Agreement or otherwise required by the Lender (collectively, the "**Security Documents**").
4. Any one (1) officer or director of the Corporation is hereby authorized and directed:
 - (a) to execute and to deliver the Security Documents and all other agreements, instruments, certificates and other documents for and on behalf of and in the name of the Corporation, as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan Agreement and the Guarantee, each to be in such form and content as he may approve, his signature thereto being conclusive evidence of such approval; and
 - (b) to do all such further acts and things and give such further assurances as he, in his sole discretion, considers necessary, desirable or useful in connection with the Loan Agreement and the Guarantee.

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The foregoing resolution is hereby enacted by the sole director of the Corporation in accordance with the provisions contained in the *Business Corporations Act* (Ontario) as evidenced by the signature hereto of the sole director of the Corporation.

DATED this 16th day of February, 2018.



Robert Dal Bianco

J & D.

AGREEMENT AMENDING CHARGE

THIS AGREEMENT made the 16th day of February, 2018 with effect as of the 1st day of April, 2012

BETWEEN:

DEEM MANAGEMENT LIMITED
(hereinafter called the "Chargor")

OF THE FIRST PART

- and -

DONALD JOSEPH DAL BIANCO
(hereinafter called the "Chargee")

OF THE SECOND PART

WHEREAS pursuant to a Charge/Mortgage of Land granted by 478729 Ontario Limited (the "Original Chargor"), as chargor, to and in favour of the Chargee, as chargee, registered as Instrument No. GC4794 on the 16th day of April, 2010 (the "Charge") in the Land Registry Office for the Land Titles Division of Grenville (No. 15) (the "Registry Office"), the Original Chargor mortgaged and charged the lands and premises legally described as Part Lots E and F, Plan 19 (Prescott), as in Instrument No. PR66370, Town of Prescott, being all of PIN 68155-0294(LT), and municipally known as 990 Edward Street, Prescott, Ontario (the "Property") to and in favour of the Chargee to secure payment of the original principal sum of ONE MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000.00) with interest thereon set out upon the terms therein mentioned;

AND WHEREAS the Property was transferred from the Original Chargor to the Chargor by a Transfer/Deed of Land registered in the Registry Office as Instrument No. GC9157 on the 18th day of November, 2010 and the Chargor assumed all of the obligations under the Charge;

AND WHEREAS the Charge was amended by an Agreement Amending Charge made as of the 1st day of January, 2012 between the Chargor and the Chargee, notice of which was registered on title to the Property as Instrument GC31525 on the 24th day of July, 2014;

AND WHEREAS the Charge as referred to herein means the Charge, as amended by the aforementioned Agreement Amending Charge;

AND WHEREAS the Chargor and the Chargee wish to further amend the Charge.

NOW THEREFORE in consideration of the sum of ONE (\$1.00) DOLLAR now paid by each of the Chargor and the Chargee to the other and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Chargor and the Chargee agree and covenant as follows:

1. AMENDMENTS TO CHARGE

The following provisions of the Charge are hereby amended:

- (a) The Principal amount under the heading "Provisions" on the first page of the Charge is changed to \$7,978,753.45;
- (b) The Interest Rate under the heading "Provisions" on the first page of the Charge is changed to The Prime Rate plus 2% per annum;
- (c) The Calculation Period under the heading "Provisions" on the first page of the Charge is changed to "monthly, not in advance";
- (d) The Payment Date under the heading "Provisions" on the first page of the Charge is changed to "On Demand"; and

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- (c) Paragraph 1(a) in the Additional Provisions contained in the Schedule to the Charge is deleted in its entirety and is replaced with the following provision:

"The amount of principal secured by this Charge is \$7,978,753.45 and the rate of interest chargeable thereon commencing from the date of this Charge is the Prime Rate plus 2% per annum, calculated monthly, not in advance. For the purposes hereof, the "Prime Rate" means the minimum or prime lending rate of interest per annum as disclosed by The Toronto-Dominion Bank from time to time and used by it as a reference rate of interest for Canadian dollar loans made by it in Canada and adjusted automatically upon any change by The Toronto-Dominion Bank. Interest shall be paid by the Chargor on demand at the same time that the Chargee makes demand on the Chargor for repayment of the outstanding principal amount secured by this Charge."

2. INTEREST

The Chargor and the Chargee acknowledge and agree that accrued and unpaid interest in the amount of \$689,461.20 has accrued on the outstanding principal amount secured by this Charge from April 1, 2012 to January 26, 2018 at the rate of 5% per annum and is secured by this Charge. The Chargor and the Chargee acknowledge and agree that interest shall accrue on the principal amount secured by this Charge from and after January 26, 2018 at the Prime Rate plus 2% per annum and shall be secured by this Charge.

3. CONTINUATION

- a. The parties hereto confirm that, in all other respects, the terms and conditions in the Charge are unamended and shall continue in full force and effect and the Property shall continue to be charged on and subject to the terms and conditions contained in the Charge.
- b. All security and ancillary documentation delivered by the Chargor to the Chargee shall continue in full force and effect and the Chargor agrees to abide by the terms therein.

4. ADDITIONAL PROVISIONS

The Chargor and the Chargee covenant and agree as follows:

- a. Nothing herein contained shall create any merger or alter the rights of the Chargee as against the Chargor, any subsequent encumbrancer or other person interested in the Property, nor affect the liability of any person not a party hereto who may be liable to pay the said liabilities or the rights of any such person all of which rights are hereby reserved;
- b. In construing this document, the words "Chargor" and "Chargee" and all personal pronouns shall be read as the number and gender of the party or parties referred to herein requires and all necessary grammatical changes, as the context requires, shall be deemed to be made;
- c. The provisions of this document shall enure to and be binding upon the heirs, executors administrators, successors and assigns of each party;
- d. The Chargor hereby acknowledges receipt of a copy of this agreement together with all ancillary documents related thereto;
- e. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein; and
- f. This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

D. A. B.

LOAN AGREEMENT

THIS LOAN AGREEMENT is dated the 12th day of February, 2018 with effective as of the 1st day of April, 2012 ("Effective Date")

BETWEEN:

DEEM MANAGEMENT SERVICES LIMITED,
a corporation duly incorporated pursuant
to the laws of the Province of Ontario
(hereinafter, the "Borrower")

- and -

DONALD DAL BIANCO,
a resident of the City of Burlington,
in the Province of Ontario
(hereinafter the "Lender")

WHEREAS:

- A. The Lender has made advances to the Borrower from time to time since the Effective Date in an amount equal to the Principal Sum; and
- B. The parties wish to enter into this Agreement to evidence the advances of the Principal Sum by the Lender to the Borrower in writing and to provide for the terms and conditions upon which the Loan shall be made repaid by the Borrower to the Lender and other terms and conditions related to the Loan;

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement, the parties agree as follows:

1. DEFINITIONS

In this Loan Agreement, unless the context otherwise requires, the following terms have the following meanings:

- a) "Agreement" means this Loan Agreement between Deem Management Services Limited and Donald Dal Bianco with effect as of the Effective Date;
- b) "Applicable Law" means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies;
- c) "Business Day" means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario or a municipal holiday in the City of Toronto;
- d) "Corporate Guarantors" means Deem Management Limited and The Uptown Inc.;

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- e) **"Default"** means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;
- f) **"Existing Waterloo Charge"** means the second charge/mortgage granted by the Borrower to and in favour of the Lender in the original principal amount of \$4,517,511.00 registered as Instrument No. WR888817 on June 25, 2015 against the Waterloo Property;
- g) **"Event of Default"** has the meaning attributed to such term in Section 11 hereof;
- h) **"Interest Rate"** means the Prime Rate plus 2% per annum, calculated monthly, not in advance;
- i) **"Loan"** means the advances made by the Lender to the Borrower from time and time from and after the Effective Date to the date hereof in the aggregate amount of the Principal Sum but, for greater certainty, does not include those advances made by the Lender to the Borrower under the Existing Waterloo Charge;
- j) **"Principal Sum"** means the principal amount of \$7,978,753.45 in lawful money of Canada;
- k) **"Prime Rate"** the minimum or prime lending rate of interest per annum as disclosed by The Toronto-Dominion Bank from time to time and used by it as a reference rate of interest for Canadian dollar loans made by it in Canada and adjusted automatically upon any change by The Toronto-Dominion Bank;
- l) **"Security Documents"** has the meaning given to that term in Section 5 hereof; and
- m) **"Waterloo Property"** means the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT), and municipally known as 229 Lexington Road, Waterloo, Ontario.

2. THE LOAN

The Lender agrees to extend the Loan to the Borrower in an amount up to the Principal Sum on and subject to the terms and conditions contained herein. Each of the Lender and the Borrower acknowledges and confirms that the entire Principal Sum has been advanced as at the date hereof and that outstanding and unpaid interest in the amount of \$689,461.20 has accrued on the Principal Sum from the Effective Date to January 26, 2018 at the rate of five percent (5%) per annum and interest shall accrue from and after January 26, 2018 at the Interest Rate.

3. REPAYMENT OF PRINCIPAL AND PAYMENT INTEREST

Each advance of the Principal Sum shall bear interest at the Interest Rate from and including the date of each respective advance to the date of payment. Interest shall be payable, not in advance, both before and after maturity, default and judgment, with interest on overdue interest at the same rate calculated in the same manner. The outstanding Principal Sum together with all accrued and unpaid interest thereon shall be repayable on written demand.

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4. **PREPAYMENT**

The Borrowers may, without notice, bonus or penalty, at any time and from time to time, prepay all or any portion of the outstanding Principal Sum provided that each such prepayment is accompanied by all of the then accrued and unpaid interest on the amount of Principal Sum being prepaid calculated to the date of such prepayment.

5. **SECURITY**

The liability, indebtedness and obligations of the Borrower under the Loan shall be evidenced, governed and secured by all security documents required by the Lender including, without limitation, the following (collectively, the "Security Documents"):

- (a) a charge/mortgage in the Principal Sum of \$7,978,753.45 to be registered against the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT), and municipally known as 229 Lexington Road, Waterloo, Ontario;
- (b) a charge/mortgage originally granted by 478729 Ontario Limited to and in favour of the Lender and registered as Instrument No. GC4794 on April 16, 2010 against the lands and premises legally described as Part Lots E and F, Plan 19 (Prescott), as in Instrument No. PR66370, Town of Prescott, being all of PIN 68155-0294(LT) (the "Prescott Property"), as amended by an amending agreement, notice of which was registered against the Prescott Property as Instrument No. GC31525 on July 24, 2014 and which charge/mortgage shall be further amended by an amending agreement, to increase the original principal amount thereof to \$7,978,753.45;
- (c) a General Security Agreement granted by the Borrower to the Lender;
- (d) a Guarantee of the obligations of the Borrower to the Lender from Robert Dal Bianco and, as security for such guarantee, a General Security Agreement granted by Robert Dal Bianco to the Lender and a Share Pledge Agreement from Robert Dal Bianco to the Lender in respect of the all of the shares of the Borrower, Deem Management Limited and The Uptown Inc. owned by Robert Dal Bianco;
- (e) a Guarantee of the obligations of the Borrower to the Lender from Deem Management Limited and, as security for such guarantee, a General Security Agreement granted by Deem Management Limited to the Lender as collateral security thereto; and
- (f) a Guarantee of the obligations of the Borrower to the Lender from The Uptown Inc. and, as security for such guarantee, a General Security Agreement granted by the Uptown Inc. to the Lender as collateral security thereto.

6. **BORROWER'S NEGATIVE COVENANTS AND CONDITIONS**

The Borrower covenants and agrees with the Lender that, so long as any portion of the Loan or any indebtedness or liabilities of the Borrower under this Agreement remains outstanding, it shall not, without the prior written consent of the Lender:

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- a) With exception of any further security in favour of the Lender, grant or allow any lien, charge, security interest, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
- b) grant or allow any lien, charge, security interest, privilege, hypothec or any other encumbrance whatsoever, to be registered against the shares of the Corporate Guarantors or the Borrower;
- c) Become guarantor or endorser or otherwise become liable upon any note or other obligation other than accounts payable incurred in the normal course of business;
- d) Declare or pay dividends on any class or kind of its shares, repurchase or redeem any of its shares or reduce its capital in any way whatsoever or repay any shareholders' advances of the Borrower;
- e) Amalgamate with or permit all or substantially all of its assets to be acquired by any other arm's length person, firm or corporation or permit any reorganization or change of control, or similar proceeding or arrangement or discontinuance of the business of the Borrower;
- f) Sell, transfer or otherwise dispose of, or create, grant, assume or suffer to exist any lien upon, any of its property and assets and the shares of the Borrower, except pursuant to the Security Documents and liens relating to governmental claims and save and except that the foregoing shall not prevent the Borrower from completing the purchase and sale of the lands and premises municipally known as 990 Edward Street North, Prescott, Ontario to Arch Long Term Care LP or its permitted assignee;
- g) Incur any further indebtedness, except accounts payable incurred in the ordinary course of business;
- h) Change its name;
- i) Permit any property taxes or strata fees to be past due at any time; or
- j) Permit any rent payable in respect of premises leased by it to be past due at any time;
- k) Amend the organizational documents in a manner which would prejudice the Borrower's interest under this Loan Agreement;
- l) Enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder, connected, related, or associated corporation, or any other non-arm's length party;
- m) Issue any securities in the Borrower;

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- n) Operate the business of the Borrower in a manner that would reasonably be expected to result in a material adverse effect; or
- o) Enter into any transaction or series of transactions, or any acquisitions or series of acquisitions which are outside the ordinary course of the business of the Borrower.

The Borrower shall deliver to the Lender not less than ten (10) Business Days prior written notice of any prospective or pending transaction with a third party involving the Waterloo Property, including, without limitation, a pending or prospective re-financing or sale of all or a partial interest in the Waterloo Property (the "Waterloo Property Transaction"), which notice shall specify in detail the nature of the transaction and shall include a copy of any term sheet, commitment letter, agreement of purchase and sale or other similar document in connection with the Waterloo Property Transaction. Notwithstanding the foregoing provisions contained in this Section 6 or any other provision to the contrary contained in this Loan Agreement or the Security Documents, if the Lender does not state in writing his objection to the Waterloo Property Transaction within (10) Business Days after his receipt of such notice, the Lender shall be deemed to have given his consent to the Waterloo Property Transaction and any acts or things described this Section 6 in connection therewith, in particular, Subsections 6(a), (b), (c), (e), (f), (g),(l), (m) and (o) thereof and the completion of the Waterloo Property Transaction shall not and shall be deemed not to contravene the provisions contained in this Loan Agreement or the Security Documents including, without limitation, the covenants contained in this Section 6 and, in particular, the covenants in Subsections 6(a), (b), (c), (e), (f), (g),(l), (m) and (o) thereof.

7. **BORROWER'S POSITIVE COVENANTS AND CONDITIONS**

The Borrower covenants and agrees with the Lender that, so long as any portion of the Loan or any indebtedness or liabilities of the Borrower under this Agreement remains outstanding, it shall:

- a) pay or cause to be paid the outstanding Principal Sum and all accrued and unpaid interest thereon on the dates required for payment and in the manner specified herein;
- b) do or cause to be done all things necessary or desirable to maintain its legal existence as a corporation duly incorporated pursuant to the laws of the Province of Ontario;
- c) comply with the requirements of all Applicable Law, and all contracts to which it is a party or by which it is bound;
- d) as soon as practicable after it shall become aware of the same, give notice to the Lender of the following events:
 - i. the commencement of any legal proceeding against or affecting it;
 - ii. any development which might have a material adverse effect upon its ability to perform its obligations under this Agreement; and

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- iii. any Default or Event of Default, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;
- e) use the proceeds for general corporate purposes;
- f) reimburse the Lender, on demand, for all of the reasonable out-of-pocket costs, charges and expenses incurred by or on behalf of the Lender (including, without limitation, the reasonable fees, disbursements and other charges of the Lender's solicitors) in connection with the making of demand by the Lender under this Loan Agreement and the Security Documents, the enforcement of this Loan Agreement and the Security Documents by the Lender and the exercise by the Lender of any of its rights and remedies under this Loan Agreement and the Security Documents, all of which costs, charges and expenses shall bear interest at the Interest Rate from the date on which such costs, charges and expenses are due and payable to the date of actual payment thereof and shall be secured by the Security Documents;
- g) do, execute, and deliver all such things, documents, security, agreements, and assurances that the Lender may from time to time request to ensure that the Lender holds at all times valid, enforceable, perfected, first priority Encumbrances; and
- h) upon the occurrence of either a Default or an Event of Default of which the Borrower is aware, the Borrower shall promptly deliver to the Lender a notice specifying the nature and date of occurrence of such Default or Event of Default, the Borrower's assessment of the duration and effect thereof and the action which the Borrower proposes to take with respect thereto.

8. FINANCIAL STATEMENTS AND REPORTS

- a) The Borrower shall deliver to the Lender from time to time and as required by the Lender in their sole discretion and with ten (10) days' notice to the Borrower, the following:
 - i) Internally-prepared profit and loss statements and balance sheets for the Borrower;
 - ii) Pro forma financial statements, cash flow statement and budget for the following fiscal year of the Borrower; and
 - iii) Such additional financial statements and information as and when requested by the Lender.
- b) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently.

9. BORROWER'S REPRESENTATIONS AND WARRANTIES

- a) The Borrower has been duly incorporated and organized, is properly constituted, is in good standing and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;

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- b) The execution of this Agreement and the Security Documents and the incurring of liability and indebtedness to the Lender does not and will not contravene:
 - i) the constating documents and by-laws of the Borrower or any agreement that the Borrower is a party to or affecting the assets or property of the Borrower, or
 - ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which the Borrower is a party;
- c) The Agreement and the Security Documents to which it is a party have been duly authorized, executed and delivered by the Borrower and constitute valid and binding obligations of the Borrower, and are enforceable in accordance with the respective terms;
- d) All necessary authorizations, approvals, consents and orders have been obtained with respect to the Loan and the execution and delivery of the Security Documents;
- e) All financial and other information provided to the Lender in respect of this Agreement is true and accurate and acknowledges that reliance on the truth and accuracy of the information provided by the Borrower is made by the Lender;
- f) The execution, delivery and performance by the Lender and the Corporate Guarantors and the consummation of the transactions contemplated herein and therein, do not and will not conflict with, result in any material breach or violation of, or constitute a material default under, the terms, conditions or provisions of the charter or constating documents, agreement, or Applicable Law regulation, judgment, decree or order; and
- g) The Borrower has good title to its property, assets and shares free and clear of any liens, encumbrances or security interests save and except as disclosed by the Borrower to the Lender in writing, save and except as registered against title to any lands and premises owned by the Borrower including, without limitation, the Waterloo Property, 55 Hugo Crescent, Kitchener, Ontario and 990 Edward Street, Prescott, Ontario and save and except as recorded by the registration of a financing statement under the *Personal Property Security Act* (Ontario).

10. ADDITIONAL CONDITIONS

- a) All payments by the Borrower to the Lender shall be made at the address set out in section 11(m) below or at such other place as the Lender may specify in writing from time to time. Any payment delivered or made to the Lender by 5:00 p.m. local time at the place where such payment is to be made shall be credited as of that day; but if made afterwards shall be credited as of the next business day;
- b) The Borrower acknowledges that the records of repayment of the Principal Sum in an account of the Borrower maintained by the Lender shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time; provided that the obligation of the Borrower to pay or repay any indebtedness

and liability in accordance with the terms and conditions of the Loan shall not be affected by the failure of the Lender to make such recording. The Borrower also acknowledges being indebted to the Lender for principal amounts shown as outstanding from time to time in the Lender' records in accordance with the terms and conditions of this Agreement;

- c) The obligation of the Borrower to make all payments under this Agreement and the Security Documents shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - i) Any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Lender or anyone else for any reason whatsoever; or
 - ii) Any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower; and
- d) The Lender shall have all remedies, rights and powers available to him at law and in equity under this Agreement and the Security Documents. The rights and remedies of the Lender hereunder are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Lender and no delay or omission in exercise of such remedy, right, or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

11. EVENTS OF DEFAULT

- a) Without in any way derogating from the Lender's ability to demand repayment of the Loan at any time, the occurrence of any of the following events shall constitute an Event of Default:
 - i) default by the Borrower in the repayment of the outstanding Principal Sum and the payment of all accrued and unpaid interest thereon and the payment of all other amounts due and owing by the Borrower under this Agreement on the dates when such amounts are due and payable;
 - ii) default by the Borrower in the performance or observance of any covenant, condition or obligation contained in any Security Document unless such default, if capable of being remedied, is remedied within five (5) Business Days after notice thereof by the Lender to the Borrower;
 - iii) any representation or warranty made by the Borrower in any Security Document is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made;
 - iv) the Borrower admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
 - v) the Borrower institutes any proceeding, or any proceeding is commenced against or involving the Borrower;

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- 1) seeking to adjudicate it a bankrupt or insolvent;
- 2) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of it or making a proposal with respect to it under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws; or
- 3) seeking appointment of a receiver, trustee in bankruptcy, agent, custodian or other similar official for it or for any part of its properties and assets;

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than fifteen (15) days from the institution of such first mentioned proceeding;

- vi) any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any property or assets of the Borrower; or
 - vii) any of the security created by the Security Documents becomes ineffective or unperfected, unless such event is cured immediately upon the Borrower acquiring knowledge thereof or the Lender providing notice thereof, and provided there has been no prejudice to the Lender.
- b) Upon the occurrence of any Event of Default, the Lender may in his sole option:
- i) declare the remaining balance of the Principal Sum to be immediately due and payable (to the extent not previously demanded);
 - ii) realize upon all or any part of the security granted pursuant to the Security Documents; or
 - iii) take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Security Documents) at such times and in such manner as either Lender, in his sole discretion, may consider expedient,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Security Documents.

For greater certainty, the occurrence of an Event of Default is not a precondition to the Lender's right to demand repayment of the Loan at any time. The Lender may, at any time and from time to time, review the Loan and in exercising its discretion to maintain or demand the Loan may consider factors other than the

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occurrence or non-occurrence of a Default or Event of Default hereunder.

12. NON-MERGER AND NON-ASSIGNMENT

- a) The terms and conditions of the Agreement shall not be merged by and shall survive the execution of the Security Documents. In the event of a conflict between the terms of this Agreement and the terms of the Security Documents, the terms of the Agreement shall prevail to the extent of such conflict.
- b) The Borrower shall not assign all or any of its rights, benefits or obligations under this Agreement without the prior written consent of the Lender.

13. WAIVER OR VARIATION

- a) No term or condition of this Agreement or any of the Security Documents may be waived or varied verbally or by any course of conduct by any employee or agent of the Lender. All waivers must be in writing and signed by the waiving party.
- b) Any amendment to the Agreement or the Security Documents must be in writing and signed by the Lender.

14. GENERAL

- a) The parties hereby confirm and ratify the matters contained and referred to in the preamble to this Agreement and agree that the same are expressly incorporated into this Agreement.
- b) This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings and negotiations, whether oral or written, and there are no general or specific warranties, representations or other agreements except as are herein specifically set forth.
- c) Whenever the singular, plural, masculine, feminine or neuter is used throughout this Agreement, the same shall be construed as meaning the singular, plural, masculine, feminine, neuter, body politic or body corporate wherever the fact or context so requires.
- d) All of the covenants, warranties and representations contained in this Agreement shall survive the closing and completion of this transaction and shall not merge on the closing of the transaction but shall continue to be in full force and effect for the benefit of the Vendor or the Purchaser, as the case may be.
- e) The parties hereto covenant and agree to do such things and execute such further documents, agreements, instruments or assurances as may reasonably be required by another party hereto from time to time in order to carry out the terms of this Agreement in accordance with their true intent.
- f) This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario. The parties hereto submit to the jurisdiction of the Courts

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in the Province of Ontario.

- g) Time shall be of the essence of this Agreement.
- h) This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.
- i) This Agreement may be signed or executed in separate counterparts and the signing or execution of a counterpart shall have the same effect as the signing or execution of a single original agreement.
- j) Notwithstanding the actual date of execution of this Agreement, the parties agree that this Agreement shall be effective of and from the day and year first above written.
- k) No amendment of any provision of this Agreement shall be binding on either party unless agreed to in writing by each of the parties. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver constitute a continuing waiver unless otherwise provided.
- l) If any provision of this Agreement is determined by a Court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions of this Agreement, and each provision of this Agreement is declared to be separate, severable and distinct.
- m) Any notice, designation, communication, request, demand or other document required or permitted to be given or sent or delivered hereunder to any party hereto shall be in writing and shall be sufficiently given or sent or delivered if it is:
 - i) delivered personally to an officer or director of such party;
 - ii) sent to the party entitled to receive it by registered mail, postage prepaid, mailed in Canada, or
 - iii) sent by telecopy machine.

Notices shall be sent to the following addresses or telecopy numbers:

- i) in the case of the Lender to:
 - 87 Huron Street, Saugeen Shores, Ontario N0H 2L0
- ii) in the case of the Borrower to:
 - 121 Oak Park Drive, Waterloo, Ontario N2K 0B3

or to such other address or telecopier number as the party entitled to or receiving such notice, designation, communication, request, demand or other document shall, by a notice given in accordance with this section, have communicated to

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the party giving or sending or delivering such notice, designation, communication, request, demand or other document.

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall

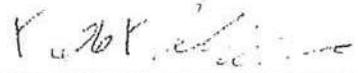
- i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;
 - ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received (but not actually received) on the fourth business day following the date of mailing, unless at any time between the date of mailing and the fourth business day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mails, allowing for such discontinuance or interruption of regular postal service, and
 - iii) if sent by telecopy machine, be deemed to have been given, sent, delivered and received on the date the sender receives the telecopy answer back confirming receipt by the recipient.
- n) Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian funds.

[Remainder of Page is Intentionally Left blank - Signature Page Follows]

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IN WITNESS WHEREOF this Agreement has been executed by the undersigned effective as of the date and year first written above.

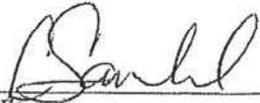
DEEM MANAGEMENT SERVICES LIMITED

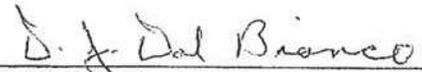
Per: 

Name: Robert Dal Bianco

Title: President

I have authority to bind the Corporation.


Witness


Donald Dal Bianco

D. A. U.

FORBEARANCE AGREEMENT

THIS AGREEMENT made the 14th day of February, 2018

AMONG:

**ROBERT DAL BIANCO, DEEM MANAGEMENT SERVICES LIMITED,
DEEM MANAGEMENT LIMITED and THE UPTOWN INC.**
(hereinafter, collectively, referred to as the “Debtors”)

OF THE FIRST PART;

- and -

DONALD DAL BIANCO
(hereinafter referred to as the “Lender”)

OF THE SECOND PART;

WHEREAS:

- A. Commencing on April 1, 2012, the Lender made unsecured advances to Deem Management Services Limited from time to time in the amount of the Indebtedness on the basis that the Indebtedness is repayable on demand;
- B. On January 30, 2018, the Lender demanded repayment of the Indebtedness from Deem Management Services Limited;
- C. The Lender has rights and remedies against Deem Management Services Limited at law to recover the Indebtedness from Deem Management Services Limited if it fails to repay the Indebtedness on demand;
- D. Deem Management Services Limited has advised the Lender that it does not presently have sufficient cash resources or unencumbered assets to repay the Indebtedness to the Lender at this time and Deem Management Services Limited has requested that the Lender forbear from exercising its rights and remedies against Deem Management Services Limited; and
- E. The Lender has agreed to so forbear during the Forbearance Period (as that term is defined in Section 2.2 below), on and subject to the terms and conditions contained herein including, without limitation, that Deem Management Services Limited executes and delivers the Loan Agreement in order to evidence the Indebtedness and each of the Debtors executes the Security Documents that it is a party to as described in Schedule “C”.

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NOW THEREFORE, in consideration of the sum of ONE DOLLAR (\$1.00) now paid by each of the parties hereto to the other, the mutual covenants contained in this Agreement, and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the Debtors and the Lender covenant and agree with each other as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions.

In this Agreement, in addition to other terms that may be defined in this Agreement, the following terms shall have the following meanings unless the context shall otherwise require:

- (a) "Article", "Section", "Subsection", "Paragraph" or similar terms refer to the specified article, section, subsection, paragraph or other portion of this Agreement;
- (b) "Business Day" means any day other than a Saturday, a Sunday, a statutory holiday in the Province of Ontario or a municipal holiday in the City of Toronto;
- (c) "Event of Default" has the meaning set forth in Section 5.1 hereof;
- (d) "Forbearance Period" has the meaning set forth in Section 2.2 hereof;
- (e) "Indebtedness" has the meaning set forth in Section 2.1 hereof;
- (f) "Loan Agreement" means the loan agreement dated the date hereof with effect as of the 1st day of April, 2012 between Deem Management Services Limited and the Lender in the form attached hereto as Schedule "A";
- (g) "party" or "parties" means any one or more of the parties referred to in this Agreement, as the context may require;
- (h) "Person" means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative or governmental authority;
- (i) "Properties" means the real property described in Schedule "B" attached hereto; and
- (j) "Security Documents" means, collectively, (a) the security documents granted by the Debtors to and in favour of the Lender listed in Schedule "C" hereto pursuant to which, among other things, each of the Debtors grants a security interest to and in favour of the Lender in all of his or its assets, property and undertaking including, without limitation, in all of the personal property owned by the Debtors and located at, situated on, relating to, used in connection with or

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generated or derived from the use or disposition of the Properties, as security for the obligations of the Debtors to Deem Management Limited under the Loan Agreement; (b) all existing security agreements granted by The Uptown Inc. to the Lender including, without limitation, the charge/mortgage granted by Deem Management Services Limited to and in favour of the Lender in the original principal amount of \$4,517,511.00 registered as Instrument No. WR888817 on June 25, 2015 against the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628; and (c) the charge/mortgage securing the original principal amount of \$7,978,753.45 originally granted by 478729 Ontario Limited to and in favour of the Lender and registered as Instrument No. GC4794 on April 16, 2010 against the lands and premises legally described as Part Lots E and F, Plan 19 (Prescott), as in Instrument No. PR66370, Town of Prescott, being all of PIN 68155-0294(LT) (the "**Prescott Property**"), as amended by an amending agreement, notice of which was registered against the Prescott Property as Instrument No. GC31525 on July 24, 2014 and further amended by an amending agreement, notice of which was registered against the Prescott Property as Instrument No. _____ on February __, 2018.

1.2 Schedules.

The following schedules are attached to and form part of this Agreement:

Schedule "A" - Loan Agreement
 Schedule "B" - Legal Description of Properties
 Schedule "C" - Security

ARTICLE 2 FORBEARANCE

2.1 Indebtedness.

Deem Management Services Limited acknowledges itself to be indebted to the Lender in the principal amount of \$7,978,753.45 as at the date hereof together with accrued interest thereon from April 1, 2012 to January 26, 2018 in the amount of \$689,461.20 (hereinafter referred to as the "**Indebtedness**"). Each of the other Debtors acknowledges that they are liable to the Lender for all of the Indebtedness pursuant to guarantees provided by each of them to the Lender, on which guarantees the Lender relies and but for which the Lender would not enter into this Agreement. The Debtors acknowledge that additional interest shall accrue on the Indebtedness from and after January 26, 2018 at the interest rate and in accordance with the terms set out in the Loan Agreement and shall be added to and included in the Indebtedness.

2.2 Forbearance.

In consideration of the execution and delivery of the Loan Agreement by Deem Management Services Limited and the execution and delivery by the Debtors of the guarantees and other Security Documents described in Schedule "C" attached hereto and

C.A.D.

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other good and valuable consideration, and subject to the terms and conditions contained in this Agreement, the Lender agrees and covenants to refrain from making demand for payment of the Indebtedness on Deem Management Services Limited and the other Debtors and from exercising any and all of his rights and remedies against the Debtors to seek recovery of the Indebtedness from the Debtors including, without limitation, any and all rights and remedies arising pursuant to the Security Documents, at law or in equity from the date hereof until the earlier of: (a) the date that is six (6) months after the date hereof; and (b) the occurrence of an Event of Default (the "**Forbearance Period**"). Upon the expiration or termination of the Forbearance Period, the agreement of the Lender to forbear shall automatically and without further action terminate and be of no further force and effect, it being expressly agreed that the effect of such termination will be to permit the Lender to exercise its rights and remedies against the Debtors immediately.

2.3 Covenants of the Debtors.

During the Forbearance Period, each of the Debtors agrees and covenants with the Lender as follows:

- (a) to perform all of his or its respective agreements, covenants and obligations under the Loan Agreement and the Security Documents;
- (b) not to sell, convey, transfer, exchange, assign or otherwise dispose of, or enter into any agreement for the sale, transfer, exchange or other disposition of, any of his or its assets, property or undertaking that is subject to the Security Documents or charge, mortgage, grant a security interest in or otherwise encumber any of his or its assets, property or undertaking that is subject to the Security Documents, without the prior written consent of the Lender, which consent may be withheld by the Lender in his sole, subjective and absolute discretion; save and except that the foregoing shall not prevent Deem Management Services Limited from completing the purchase and sale of the lands and premises municipally known as 990 Edward Street North, Prescott, Ontario to Arch Long Term Care LP or its permitted assignee;
- (c) within one hundred and twenty (120) days after the end of its fiscal year, or more often if requested by the Lender, each of the Debtors that are corporations will deliver to the Lender unaudited financial statements including a Balance Sheet and supporting schedules, a detailed Statement of Income and Expenditures and supporting schedules, and a Statement of Change in Cash Flow. Each of the Debtors that is an individual will deliver to the Lender a net worth statement within one hundred and twenty (120) days after the end of each calendar year. Each of the Debtors will, upon the Lender's request, provide to the Lender such further financial information, reports or statements as may be requested by the Lender; from time to time;
- (d) upon five (5) Business Days' notice, to provide the Lender with full access to all of their respective books and records at any time and from time to time. The Lender shall be entitled to appoint a certified public accountant to perform a

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financial audit of any of the Debtors, which financial audit shall be at the Debtor's expense and shall be added to the Indebtedness; and

- (e) to, from time to time, pay on demand the Lender's legal fees and disbursements in connection with this Agreement, the negotiations relating to this Agreement and the enforcement hereof (collectively, "Legal Costs"). The Lender may pay all such Legal Costs if the Debtors fail to promptly do so, whereupon the Lender may add such costs to the Loan and same shall be secured by the Security Documents.

2.4 Demand.

Each of the Debtors: (a) acknowledges receipt of a copy of the demand for payment of the Indebtedness made to Deem Management Services Limited by the Lender's solicitors on behalf of the Lender on January 30, 2018; and (b) agrees that, upon the termination of the Forbearance Period, such demand and notice shall be valid and need not be sent again by the Lender.

ARTICLE 3 ACKNOWLEDGEMENTS AND CONSENTS

3.1 Acknowledgments.

Each of the Debtors hereby confirms and acknowledges that:

- (a) the facts set out in the recitals are true, correct and accurate in all respects;
- (b) the Debtors are liable for the Indebtedness;
- (c) the Debtors hereby waive any claim any of them may assert that the Debtors were not afforded a "reasonable notice period" as determined by the common law, and hereby waive any further notice period; and
- (d) the Lender is fully entitled to exercise all of its rights and remedies against the Debtors.

3.2 Waiver and Release.

Each of the Debtors acknowledges that, to date, the actions of the Lender in connection with the Indebtedness and in entering into this Agreement have been fair and reasonable and each of them hereby confirms that as of the date hereof it has no claim whatsoever against the Lender. Each of the Debtors:

- (a) agrees to waive and not to assert or cause to be asserted on their behalf any defences, rights or claims with respect to any future enforcement of the Security Documents or any of the right, remedies and recourses of the Lender against the Debtors or any of their property; and



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- (b) hereby releases and remises the Lender and his heirs, executors, administrators, estate trustees and assigns of and from any and all claims they, or any of them, may have against the Lender, and his heirs, executors, administrators, estate trustees and assigns as of the date hereof in respect of any cause, matter or thing relating to the Indebtedness.

Upon the request of the Lender, each of the Debtors will execute a full release in favour of the Lender. Further, in executing and delivering this Agreement, each of the Debtors confirms that he or it understands the effect of this Agreement, having sought or waived independent legal advice with respect thereto, and that he or it is acting freely and without duress.

3.3 Consent.

Each of the Debtors consents to the immediate enforcement of the Security Documents or any part thereof by the Lender, as the Lender deems appropriate in his sole, subjective and absolute discretion, subject only to the forbearance of the Lender as set out in Article 2 herein.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

4.1 Representations and Warranties.

Each of the Debtors represents and warrants to the Lender and acknowledges that the Lender is relying on such representations and warranties in entering into this Agreement, as follows:

- (a) each of them has the power and authority to enter into and perform his or its obligations under this Agreement and the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate actions by each of them, as applicable; and
- (b) this Agreement does not conflict with or result in the breach or violation of or constitute a default under the constating documents or by-laws of any of them or any judgment, commitment, agreement or any other instruments or agreements to which any of them is bound, nor does it require the consent or approval of any other party.

The representations and warranties of the Debtors set forth in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect until repayment of all amounts outstanding or which may become outstanding to the Lender pursuant to the Loan Agreement.

D.A.D.

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ARTICLE 5 DEFAULT

5.1 Default.

Each of the following events shall constitute an event of default ("Event of Default") under this Agreement:

- (a) if an event of default occurs under the Loan Agreement and such default persists beyond any applicable cure period therein other than a default in repayment of the Indebtedness on demand during the Forbearance Period;
- (b) if any of the Debtors defaults in any of their respective obligations under the Security Documents and such default persists beyond any applicable cure period therein other than a default in repayment of the Indebtedness on demand during the Forbearance Period;
- (c) if any default is made by the Debtors in the performance of any of his, its or their obligations under this Agreement and such default is not remedied within ten (10) days after the Debtors' receipt of written notice from the Lender specifying the nature of the default;
- (d) if there is in the opinion of the Lender, acting reasonably, any material deterioration of his security, or imminent risk of same, whether as a result of the acts or omissions of any of the Debtors, or of any third party or parties;
- (e) if any Person appoints a receiver or receiver and manager, or if an order is made by any court appointing a receiver or receiver and manager over the assets, property and undertaking of any of the Debtors or any part thereof; and
- (f) if any representation, warranty or statement contained herein or any document delivered by the Debtors pursuant hereto is materially incorrect.

5.2 Consequence of Default.

An Event of Default hereunder shall constitute an Event of Default under the Loan Agreement and the Security Documents. Upon the occurrence of an Event of Default, the Forbearance Period shall automatically and immediately terminate and end, without any notice to the Debtors.

Upon:

- (a) the occurrence of an Event of Default, or
- (b) the expiry of the Forbearance Period (unless the Debtors have, prior to the expiration of the Forbearance Period, repaid all of the Indebtedness in full),

the Lender shall be entitled to enforce its rights and remedies under the Loan Agreement

D & D

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and the Security Documents, without demand or notice (except as may be provided herein or therein or required by law) to the Debtors.

ARTICLE 6 GENERAL

6.1 Timely Performance.

It is intended by all parties hereto that the obligations in this Agreement shall be performed strictly in accordance with the provisions hereof and in a timely manner, with time being of the essence. Accordingly, should an Event of Default occur in the timely performance of obligations by the Debtors for any reason whether or not it is within his or its control, the Lender shall upon the occurrence of such Event of Default be entitled to rely strictly on his rights and remedies as set forth in this Agreement.

6.2 Entire Agreement.

This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter of this Agreement and contains all of the representations, warranties, undertakings, covenants, agreements and promises of the parties hereto with respect to the subject matter of this Agreement. This Agreement supersedes all prior negotiations, representations, warranties, undertakings, covenants, agreements and promises or agreements between the parties hereto, whether written or verbal, with respect to the subject matter of this Agreement.

6.3 Severability.

If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby and shall remain valid and enforceable.

6.4 No Waiver.

None of the covenants and agreements of the Lender in this Agreement, nor the performance thereof at any time, will constitute, or be deemed or implied to be, a waiver by the Lender of any default, either hereunder or under any other agreement with the Debtors that has occurred to the date hereof or any other subsequent default by the Debtors. The Lender may waive any Event of Default in his sole discretion but no such waiver shall constitute a waiver of any other or subsequent Event of Default and any such waiver shall be binding on the Lender only if given in writing.

6.5 Notice.

All notices, requests, demands or other communications (each a "Notice") to be given pursuant to this Agreement shall be in writing and delivered by personal delivery (which includes delivery by a recognized courier service) or by facsimile transmission or electronic transmission in pdf format as follows:

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(a) In the case of the Debtors to:

Robert Dal Bianco, Deem Management Services Limited
 Deem Management Limited and The Uptown Inc.
 209 Lexington Road, Unit F2
 Waterloo, ON N2K 2E1

Attention: Robert Dal Bianco, President
 Email: rpdalbianco@gmail.com
 Fax: 519.772.1034

With a copy to:

Blaney McMurtry LLP
 2 Queen Street East, Suite 1500
 Toronto, Ontario M5C 3G5

Attention: John Wolf
 Email: jwolf@blaney.com
 Fax: 416.596.2044

(b) In the case of the Lender to:

Donald Dal Bianco
 87 Huron Street
 Saugeen Shores, Ontario N0H 2L0

Facsimile: _____
 Email: dondalbianco@gmail.com

With a copy to:

Cass & Bishop LLP
 3455 Harvester Road, Unit 31
 Burlington, Ontario L7N 3P2

Attention: Peter Cass
 Email: pcass@cassbishop.ca
 Fax: 905.632.9076

Any Notice so given, if personally delivered, shall be deemed to have been given and received on the date of actual delivery thereof or if delivered by facsimile transmission or electronic transmission in pdf format, shall be deemed to have been given and received on the date of transmittal thereof, if delivered prior to 5:00 p.m. on a Business Day, otherwise it shall be deemed to have been given and received on the next following Business Day.

2/10

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6.6 Successors and Assigns.

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, estate trustees, successors and permitted assigns. This Agreement shall not be assigned by any of the Debtors without the prior written consent of the Lender, which consent may be withheld by the Lender in his sole, subjective and absolute discretion.

6.7 Governing Law.

The Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable herein and the parties hereto hereby agree to submit to the jurisdiction of the Courts of the Province of Ontario in respect to any dispute that may arise in respect to this Agreement.

6.8 Receipt of Copy.

Each of the Debtors hereby acknowledges having received a signed copy of this Agreement.

6.9 Confidentiality.

Each of the parties hereto agrees not to disclose the contents of this Agreement to any Person other than his or its professional advisors for the purpose of obtaining advice with respect to his or its rights and obligations under this Agreement, without in each case the prior written consent of the other parties hereto except as required to do so at law or by a Court of competent jurisdiction and except in any legal proceedings commenced by or involving such party.

6.10 Counterparts.

Each of the parties agrees that this Agreement may be executed in any number of separate counterparts with the same effect as if all parties hereto had signed the same document, each of which when executed shall be deemed to be an original. Such counterparts shall be construed as and shall constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out above. This Agreement may be executed and delivered by facsimile or electronic transmission and the execution and delivery of this Agreement by facsimile or electronic transmission shall be binding upon the party delivering same, and may be relied upon by the party receiving same, as if it was an originally signed document. Any party that delivers a counterpart copy of this Agreement by facsimile or electronic transmission shall deliver an originally executed copy of this Agreement promptly thereafter; provided that the failure to do so shall not affect the validity or enforceability of this Agreement.

[Remainder of Page is Intentionally Left Blank - Signatures Page Follows]

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IN WITNESS WHEREOF the parties hereto have duly executed this Agreement with effect as of the date first written above.

SIGNED, SEALED & DELIVERED
in the presence of:

Witness

Robert Dal Bianco
ROBERT DAL BIANCO

DEEM MANAGEMENT LIMITED

Per: Robert Dal Bianco
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation

DEEM MANAGEMENT SERVICES LIMITED

Per: Robert Dal Bianco
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation

050

THE UPTOWN INC.

Per: Donald Dal Bianco
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation

Gauhl
Witness

D. A. Dal Bianco
DONALD DAL BIANCO

Δ Δ Δ

SCHEDULE "A"
LOAN AGREEMENT



SCHEDULE "B"
LEGAL DESCRIPTION OF PROPERTIES

Firstly (215-229 Lexington Road, Waterloo, Ontario):

Part Block A, Plan 1313,
being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194,
s/t easement in gross over Part 1 on Plan 58R-17857, as in Instrument No. WR853469,
City of Waterloo,
being all of PIN 22291-0628(LT).

Owned by Deem Management Services Limited.

Secondly (55 Hugo Crescent, Kitchener, Ontario, Conestoga Lodge):

Part Lot 70 (Subdivision of Lot 18 German Company Tract),
designated as Parts 2 and 3, Plan 58R-5364,
City of Kitchener,
being all of PIN 22495-0207(LT).

Owned by Deem Management Services Limited.

Thirdly (990 Edward Street, Prescott, Ontario):

Part Lots E and F, Plan 19 (Prescott),
as in Instrument No. PR66370,
Town of Prescott,
being all of PIN 68155-0294(LT).

Owned by Deem Management Services Limited.

Fourthly:

Part of the Township of Strathcona,
being Parts 22, 23, 24, 25, 26, 27, 28 and 29 on Plan 36R-13206,
Together with an easement over Parts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18,
19, 20 and 21 on Plan 36R-13206 as in BS98670;
Subject to an easement over Part 3 on Plan 36R-9321; and
Subject to an easement over Parts 22 to 29 on Plan 36R-13206 in favour of SRO part of the
Townships of Strathcona and Strathy being Part 30 on Plan 36R-13206 as in BS102576,
Municipality of Temagami,
being all of PIN 49012-0246(LT).

Owned by Deem Management Services Limited.

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SCHEDULE "C"
SECURITY

1. Charge/Mortgage securing the original principal amount of \$7,978,753.45 granted by Deem Management Services Limited to and in favour of the Lender and registered as Instrument No. _____ on February _____, 2018 against the lands and premises legally described as Part Block A, Plan 1313, being Parts 1, 4 and 5 on Plan 58R-6774 and Part 3 on Plan 58R-2194, City of Waterloo, being all of PIN 22291-0628(LT).
2. Guarantee by Robert Dal Bianco of the obligations of Deem Management Services Limited to the Lender.
3. Guarantee by Deem Management Limited of the obligations of Deem Management Services Limited to the Lender.
4. Guarantee by The Uptown Inc. of the obligations of Deem Management Services Limited to the Lender.
5. General Security Agreement granted by Deem Management Services Limited to and in favour of the Lender.
6. General Security Agreement granted by Deem Management Limited to and in favour of the Lender.
7. General Security Agreement granted by The Uptown Inc. to and in favour of the Lender.
8. Share Pledge Agreement between Robert Dal Bianco and Don Dal Bianco in respect all of the issued and outstanding shares of Deem Management Services Limited and The Uptown Inc. owned by Robert Dal Bianco.

LRO # 58 Charge/Mortgage

In preparation on 2018 02 23 at 13:52

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 1

Properties

PIN 22291 - 0628 LT Interest/Estate Fee Simple
 Description PT. BLOCK A PLAN 1313, BEING PTS. 1, 4, 5 ON 58R-6774 & PT. 3 ON 58R-2194. S/T
 EASEMENT IN GROSS OVER PT. 1 ON 58R-17857, AS IN WR853469; CITY OF
 WATERLOO
 Address 229 LEXINGTON ROAD
 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 DEEM MANAGEMENT SERVICES LIMITED
 Acting as a company
 Address for Service 121 Oak Park Drive, Waterloo, Ontario, N2K 0B3
 I, Robert Dal Bianco, have the authority to bind the corporation.
 This document is not authorized under Power of Attorney by this party.

Chargee(s)

Capacity

Share

Name DAL BIANCO, DONALD
 Acting as an individual
 Address for Service 87 Huron Street, Saugeen Shores, Ontario, N0H 2L0

Statements

Schedule: See Schedules

Provisions

Principal \$7,978,753.45 Currency CDN
 Calculation Period not in advance
 Balance Due Date On Demand
 Interest Rate 5% compounded monthly, calculated daily
 Payments
 Interest Adjustment Date 2012 04 02
 Payment Date
 First Payment Date
 Last Payment Date
 Standard Charge Terms 200033
 Insurance Amount Full insurable value
 Guarantor Robert Dal Bianco

Additional Provisions

The mortgages, charges and security interests granted hereby secures payment to the Chargee of the principal amount of \$7,978,753.45 plus interest thereon as set out herein, calculated monthly, not in advance, both before and after maturity, default and judgment. Interest in the amount of \$689,461.20 has accrued on the outstanding principal amount secured by this Charge from April 1, 2012 to January 26, 2018 at the rate of 5% per annum, calculated monthly, not in advance, and is secured by this Charge. From and after January 26, 2018, interest shall accrue on the outstanding principal amount secured by this Charge at the Prime Rate plus 2% per annum, calculated monthly, not in advance, and shall be secured by this Charge. For the purposes hereof, the Prime Rate means the minimum or prime lending rate of interest per annum as disclosed by The Toronto-Dominion Bank from time to time and used by it as a reference rate of interest for Canadian dollar loans made by it in Canada and adjusted automatically upon any change by The Toronto-Dominion Bank. Interest shall be paid by the Chargor on demand at the same time that the Chargee makes demand on the Chargor for repayment of the outstanding principal amount secured by this Charge.

Interest due on demand.

File Number

Chargee Client File Number : 042913002

DAD

- 12 -

THE UPTOWN INC.

Per: Donald Dal Bianco
Name:
Title:

Per: _____
Name:
Title:

I/We have authority to bind the corporation

Samuel
Witness

D. Dal Bianco
DONALD DAL BIANCO

080.

IN WITNESS WHEREOF this Agreement has been executed by the undersigned effective as of the date and year first written above.

DEEM MANAGEMENT SERVICES LIMITED

Per: Robert Dal Bianco

Name: Robert Dal Bianco
Title: President

I have authority to bind the Corporation.

Carl
Witness

D. J. Dal Bianco
Donald Dal Bianco

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IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

DEEM MANAGEMENT LIMITED

Per: Robert Dal Bianco

Name: Robert Dal Bianco

Title: President

I have the authority to bind the corporation.

Robert Dal Bianco
ROBERT DAL BIANCO (Guarantor)

D. J. Dal Bianco
DONALD JOSEPH DAL BIANCO

Witness [Signature]

[Signature]
Witness

APPENDIX "Q"

From: **Paul (Maxion)** <pmichelin@maxion.ca>

Date: Fri, Nov 24, 2017 at 3:48 PM

Subject: Lalu canada

To: Philip Rimer <philip.rimer@dentons.com>, Kelly Elliott <kelly.elliott@dentons.com>

Cc: Rob Dal Bianco <rdalbiano@maxion.ca>, Adam Patterson <apatterson@maxion.ca>, Eli Gutstadt LL B <gutstadt@torlaw.com>, Rychard Lardner <rychard@lardner.ca>

Good afternoon Philip. I'm extremely pleased to update you with respect to our new partner and friends. Gerard CEO of Lalu Canada today advise that he will instruct his legal counsel Phil L to begin work on the file. They will start with their loan guarantee, including LOI. Then onto closing docs. The date is not specific but noted 3 weeks to fund.

It maybe possible to forgo LOI. Go to the closing documents and fill specific funding date in 2 weeks. Unless we have a security deposit which needs to be documented in the LOI.

Never the less. This is the first step to a great relationship.

Please contact Phil on Monday.

Have a safe weekend.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

Teaming Together To Develop Active Communities Promoting Healthy Lifestyles and Lasting Memories

APPENDIX "R"

From: Paul (Maxion) <pmichelin@maxion.ca>

Motion Record Page No. 359

Date: Thu, Dec 21, 2017 at 11:55 AM

Subject: Fwd: Envoy International Agreement - The Uptown

To: Philip Rimer <philip.rimer@dentons.com>

Cc: Rob Dal Bianco <rdalbianco@maxion.ca>, Adam Patterson <apatterson@maxion.ca>, Eli Gutstadt LL B <gutstadt@torlaw.com>

Good morning Philip please review the attached. This particular company have been working on our file for the passed few week, has found a group that is interested to fund the required equity bridge of 5 M in the event Lalu continues to have difficulties internally with equity.

The agreement attached needs to be specific to the Uptown development and that all and or other interested parties which have not been presented by them are excluded. To date they haven't presented to us with any person/ group.

They noted that, no fees are to be paid in advance. Only on closing. Great they are confident!

In order for them to present the term sheet from the interested party, they requested that we sign and return the noted agreement.

On another note: Lalu assured me that independent of their equity contributions they are fully committed to the corporate guarantee. Please provide a commitment letter that I can present stating as such. They have agreed to sign.

Its be foreword to the construction lender upon execution.

Please call me if you have questions.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

Teaming Together To Develop Active Communities Promoting Healthy Lifestyles and Lasting Memories

Begin forwarded message:

From: Mike Ross <mikeross50@gmail.com>
Date: December 21, 2017 at 11:05:44 AM EST
To: "Paul (Maxion)" <pmichelin@maxion.ca>
Subject: Envoy International Agreement - The Uptown

Good Morning Paul,

As per our discussion yesterday, please find attached our agreement for your review and signature.

Best Regards,
ENVOY INTERNATIONAL INC.

Mike Ross
416.829.8499

Envoy International Inc.

November 17, 2017

Mr. Paul Michelin
The Maxion Group
610 Applewood Crescent, Suite 502
Vaughan, Ontario
L4K 0E3

Re: Professional Consulting Services Agreement

Dear Paul:

Envoy International Inc. ("EII"), the Consultant would be pleased to work with The Maxion Group.

EII is prepared to perform the role of a Consultant to identify and introduce potential financing parties and/or joint venture partners to The Maxion Group ("TMG"). These professional services will be undertaken on a best efforts basis.

Exclusivity

Given the substantial resources that EII is prepared to devote to this funding project and the pre-condition of funders for an exclusive mandate, The Maxion Group, will not during the period commencing upon execution of this Professional Consulting Services Agreement and until the 15th of February 2018, directly or indirectly, participate in any negotiations or provide information to, or respond to any unsolicited offers from third parties regarding a financing or investment in the Company. TMG hereto agrees to forthwith advise EII in writing of any enquiry or expression of interest regarding any potential financing of the nature described in this paragraph and to not respond to or permit any other person or entity to respond thereto.

Professional Fees

EII "the Consultant" will receive an earned fee on a success basis for the introductions made leading to a funding and/or investment in TMG or its assigns or its affiliates. The earned fee will be five percent (5%) of the gross funding or investment made.

Subsequent Event

In the event should any party introduced or identified by the Consultant or with whom the Consultant has had contact within the course of this engagement was to enter into an agreement with TMG within a period of two (2) years following the expiration date of this Agreement, the above mentioned fees will be payable to the Consultant for originally providing the introduction(s).

Envoy International Enterprises Inc.
100 King St West, Suite 5600
Toronto, Ontario, M5X1C9, CANADA
Cell (416)829-8499.
mikeross50@gmail.com

Indemnity

TMG (the "Indemnitor") hereby agrees to indemnify and hold the Consultant harmless from and against any and all expenses, losses, claims, actions, damages or liabilities, whether joint or several (including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings or claims), and the reasonable legal fees and expenses that may be incurred in advising with respect to and/or defending any claim that may be made against the Consultant relating to the services offered under this Agreement.

Term

The Consultant shall be retained commencing on the date this Agreement is executed and terminating February 15th, 2018. After which time, if both parties agree, this Agreement may be extended on a month-to-month basis.

Direction

This letter shall constitute an irrevocable direction to the lawyer(s) and funder who would be responsible for the disbursement of funds at any closing, to make payment of earned Consultant fees to EII a condition of closing for this and any other related transactions. EII will provide all parties and lawyers for any closing a copy of this Agreement.

Confidentiality

The Consultant will keep confidential all information received from the company except such information that has been made available in the public domain or information required for closing of the financing.

TMG agrees that it will keep confidential and not disclose to any third party, the contents of this agreement or terms of the Consultant's engagement without the prior written approval of EII.

Miscellaneous

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, assigns and legal representatives.

This Agreement or any part of it shall not be assigned or subcontracted by either party without the prior express written consent of the other party.

Except as otherwise specified, this Agreement contains the entire understanding between the parties relating to the subject matter of this Agreement and supersedes all prior oral and written understandings, arrangements and agreements relating to that subject matter.

Any amendment to this Agreement shall be required to be in writing and mutually executed by the parties.

If any provision of this Agreement or the application thereof to any person or circumstance is invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to any other person or circumstance will not be affected or impaired thereby and will be valid and enforceable to the extent permitted by law.

Envoy International Enterprises Inc.

100 King St West, Suite 5600

Toronto, Ontario, M5X1C9, CANADA

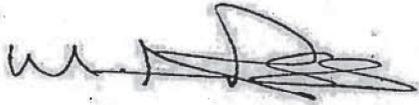
Cell (416)829-8499.

mikeross50@gmail.com

APPROVAL OF AGREEMENT

The parties, EII and TMG agree as evidenced by their signatures with all terms and conditions of this Professional Consultant Services Agreement.

SIGNATURES



DATE 11/17/2017
Michael A. Ross, President and CEO
I have the authority to bind the company

DATE 11/17/2017
Paul Michelin, Founder & CEO
I have the authority to bind the company

No text follows this line.

Envoy International Enterprises Inc.
100 King St West, Suite 5600
Toronto, Ontario, M5X1C9, CANADA
Cell (416)829-8499.
mikeross50@gmail.com

APPENDIX "S"

From: **Michael Warner** <mwarner@firmcapital.com>

Date: Fri, Jan 19, 2018 at 4:11 PM

Subject: Re: The uptown Document set

To: Adam Patterson <apatterson@maxion.ca>, Jonathan Neuhof <jneuhof@firmcapital.com>

Cc: Paul (Maxion) <pmichelin@maxion.ca>, Rob-External <rpdalbianco@gmail.com>

Thanks adam

Get [Outlook for iOS](#)

From: Adam Patterson <apatterson@maxion.ca>

Sent: Friday, January 19, 2018 5:00:21 PM

To: Michael Warner; Jonathan Neuhof

Cc: Paul (Maxion); Rob-External

Subject: The uptown Document set

Michael and Jonathan,

I've attached the dropbox link to this email to access the initial data set as we have discussed.

<https://www.dropbox.com/sh/tzvt5u62caggvxx/AACEAlcEQOO-dwPVIRC4QcWca?dl=0>

Let me know if you are unable to access and I'll arrange for a digital copy of the entire set to be delivered to your offices on Monday am.

Cheers

Adam.

APPENDIX "T"

From: **Adam Patterson** <apatterson@maxion.ca>

Date: Tue, Jan 23, 2018 at 12:55 PM

Subject: Re: Meeting at Maxion -Uptown Residence

To: Robb Cacovic <rcacovic@bridgingfinance.ca>, Peter Murphy <pmurphy@maxion.ca>

Cc: Paul (Maxion) <pmichelin@maxion.ca>, Rob Dal Bianco <rdalbiano@maxion.ca>

Hi Robb,

The data room I forwarded to you on Friday last week should have all the appraisals and information required in it. I am in meetings until 2pm but will get you an updated link then.

I can update all the architectural and engineering drawings in the data set should you want that level of detail.

I'll get back to you as soon as I'm out of my meeting.

Cheers

Adam

Adam Patterson
Chief Financial Officer
Telephone (416) 238-7818 ext 215

From: Robb Cacovic <rcacovic@bridgingfinance.ca>

Date: Tuesday, January 23, 2018 at 12:49 PM

To: Peter Murphy <pmurphy@maxion.ca>

Cc: "Paul (Maxion)" <pmichelin@maxion.ca>, Rob Dal Bianco <rdalbiano@maxion.ca>, Adam Patterson <apatterson@maxion.ca>

Subject: RE: Meeting at Maxion -Uptown Residence

Good morning Peter,

Was a pleasure meeting with you and the team on Friday. We like the project and my goal is to get through most of the information and have whatever questions I may have to you by this evening. I will need to go through the documentation, do you have a virtual data-room which holds the appraisals, zoning etc.?

Robb

Robb Cacovic

Senior Managing Director | **Bridging Finance Inc.**

88 West Georgia Street, 10th Floor | Vancouver | BC | V6B 0N8

T: (604) 785-0936 or (416) 918-2037

[LinkedIn](#) | [Vcard](#)

rcacovic@bridgingfinance.ca

www.bridgingfinance.ca

Bridging Finance Inc., **Co-Manager** of

Sprott Bridging Income Fund LP and

Sprott Bridging Income RSP Fund

From: Peter Murphy [<mailto:pmurphy@maxion.ca>]

Sent: Monday, January 22, 2018 10:43 AM

To: Robb Cacovic <rcacovic@bridgingfinance.ca>

Cc: Paul (Maxion) <pmichelin@maxion.ca>; Rob Dal Bianco <rdalbiano@maxion.ca>; Adam Patterson <apatterson@maxion.ca>

Subject: Meeting at Maxion -Uptown Residence

Dear Robb:

It was a pleasure meeting you last Friday in our offices.

Our Maxion group is progressive and We are all hopeful that a mutually rewarding finance program be instituted through your efforts.

With our appreciation.

Peter

Peter J. Murphy

Director of Corporate Finance and Business Development

The Maxion Group

From: **Robb Cacovic** <rcacovic@bridgingfinance.ca>

Date: Tue, Jan 23, 2018 at 12:48 PM

Subject: RE: Meeting at Maxion -Uptown Residence

To: Peter Murphy <pmurphy@maxion.ca>

Cc: Paul (Maxion) <pmichelin@maxion.ca>, Rob Dal Bianco <rdalbiano@maxion.ca>, Adam Patterson <apatterson@maxion.ca>

Good morning Peter,

Was a pleasure meeting with you and the team on Friday. We like the project and my goal is to get through most of the information and have whatever questions I may have to you by this evening. I will need to go through the documentation, do you have a virtual data-room which holds the appraisals, zoning etc.?

Robb

Robb Cacovic

Senior Managing Director | **Bridging Finance Inc.**

88 West Georgia Street, 10th Floor | Vancouver | BC | V6B 0N8

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rcacovic@bridgingfinance.ca

www.bridgingfinance.ca

Bridging Finance Inc., **Co-Manager** of
Sprott Bridging Income Fund LP and
Sprott Bridging Income RSP Fund

From: Peter Murphy [mailto:pmurphy@maxion.ca]
Sent: Monday, January 22, 2018 10:43 AM
To: Robb Cacovic <rcacovic@bridgingfinance.ca>
Cc: Paul (Maxion) <pmichelin@maxion.ca>; Rob Dal Bianco <rdalbianco@maxion.ca>; Adam Patterson <apatterson@maxion.ca>
Subject: Meeting at Maxion -Uptown Residence

Dear Robb:

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Our Maxion group is progressive and We are all hopeful that a mutually rewarding finance program be instituted through your efforts.

With our appreciation.

Peter

Peter J. Murphy

Director of Corporate Finance and Business Development

The Maxion Group

APPENDIX “U”

From: **Paul (Maxion)** <pmichelin@maxion.ca>
Date: Sun, Jan 28, 2018 at 8:36 PM
Subject: Fwd: John Stroll Re: Fee Agreement
To: Philip Rimer <philip.rimer@dentons.com>
Cc: Rob Dal Bianco <rdalbianco@maxion.ca>

Hello Philip.

Attached is a fee agreement that we would like to understand. I believe it's American or some international version.

If we could have a chat tomorrow at your convenience allowing us to explain the intent of the agreement, possibility of new capital for developments in Canada with funds from overseas.

Thanks.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

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Begin forwarded message:

From: Rob Dal Bianco <rpdalbianco@gmail.com>
Date: January 28, 2018 at 2:02:26 PM EST
To: "Paul (Maxion)" <pmichelin@maxion.ca>
Subject: Fwd: John Stroll Re: Fee Agreement

Paul:

This is what Phillip needs to:

1. review
2. background check

Thanks

R

----- Forwarded message -----

From: J S <jjsjjsjs2@hotmail.com>
Date: Thu, Jan 18, 2018 at 11:50 PM
Subject: John Stroll Re: Fee Agreement
To: "Paul (Maxion)" <pmichelin@maxion.ca>
Cc: Rob Dal Bianco <rdalbianco@maxion.ca>, Adam Patterson <apatterson@maxion.ca>

Rob, Paul, and Adam

Attached is my fee agreement for 12%.

This includes 10% for my company and 2% for the investment vehicle manager when and if we need one.

Please have the majority shareholder sign the agreement.
If there are 2 equal owners then both will be required to sign.

Have it notified and initial each page.

Scan and email it back for me to sign.

Any revisions then please send bullet points via email.

We can discuss them.

I do not suggest wasting time revising the fee agreement since we only have 2 weeks before your deadline of Feb. 1st.

Looking forward to moving forward quickly

John Stroll
Chairman
Stroll Enterprises
980 Post Road East

Westport CT 06880
USA
Cell 203-803-5547

From: Paul (Maxion) <pmichelin@maxion.ca>
Sent: Thursday, January 18, 2018 7:33 AM
To: J S
Cc: Rob Dal Bianco; Adam Patterson
Subject: Re: John Stroll Re: Documents and Reports Needed

Good morning John. Thank you for the discussion yesterday. We are love king foreword to build a great relationship.

Let's run without the noted guarantee. Its amount assumed the Canadian bank required for our construction loan. Which represents 30% of the construction loan. The additional guarantee was offered from a third party partner.

Adam is cc on this email and my introduction to you.

Adam,,,, JOHN, John,,,ADAM.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

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On Jan 18, 2018, at 1:48 AM, J S <jjisjjs2@hotmail.com> wrote:

Paul and Rob

It was a pleasure to speak to you today.

I look forward to speaking to you again as well as hearing from your CFO.

Here is a list of documents I need.

For the bridge funding

Summary of the project (about 5 paragraphs with 1 or 2 paragraphs for mini bios)

The \$25 million guarantee letter

Most likely I will eventually need to see 6 months of bank statements and 3 years of tax returns. But let's see if we can get by with just that \$25 million guarantee.

For construction financing

Business Plan with Projected Cash Flow Spreadsheet

Signed Purchase Sale Agreement

Spreadsheet showing how you plan on spending the money

Appraisal of Land of the New Nursing Home

Appraisal of Nursing Home you Just Sold

Tax Returns of Any Other Cash Flowing Business You Have

Financial Statements of Any other Cash Flowing Business or Real Estate You Have

For Creating the Fund

Letter from your Attorney Stating You Have the USD \$350K

Letter of Intent that You Are Planning on Spending the \$350K on Government Registration Fees, Lawyer Fees,

Account Fees, and Due Diligence Fees

Business Plan for All Your Projects such as the Chain of Nursing Homes. Aqua Farms, 80,000 Apartment Complex on the Water on the 800 Brown Acres, the Port in Vancouver

The more documents you put in your drop box the faster we can mover.

My Colleague and his underwriter are interested in each phase. We spoke last night.

I will send my fee agreement. It is 12% of the funds raised payable only when you receive the funds. I will need the Majority Shareholder to sign it before we do anything more.

If there are 2 equal shareholders then both must sign. Any other additional fees are drawn out of the funds raised more specifically for forming and operating the major fund.

The close of the business year is Feb. 28 overseas. So we will rush all of this to meet that deadline.

Within 1 week to 10 business days we hope to get the bridge funding for you. By Feb. 28th we hope to get the \$100 mil construction financing for you.

By 3 months we will probably have the fund formed and approved as well as a 300 page prospectus written.

In 2 to 6 months we plan on having 1 or 2 major investors with \$100 million each investing.

After you sign my fee agreement then I will release your package of documents to my colleagues for analysis for bridge funding, construction funding, and formation of the large fund to fund everything.

Several teleconferences will be held.

When everyone feels that we are all on the same page then we will meet in Florida for a full day and a half presentation and discussion.

After that meeting in Florida and you have vetted us all then you will be required to make a decision about paying the USD \$350,000 to start the fund to get the Billions needed to complete all those projects.

Stroll Enterprises will provide many opportunities such as funding offers, personnel, prospective tenants, unique building materials, and major international construction partners. You are welcome to accept or decline all offers and opportunities. You only owe us a fee if you accept the offers or act on the opportunities. We are totally success driven and are only paid upon success. Even if we get you great offers but you never get any money in your account then you do not owe us anything.

I have already discussed your projects with my colleague who is also the head of a large trust for construction projects. He has also created and managed several Multi Billion Dollar Funds. He will discuss your needs with his underwriters for your \$100 million construction loan.

I will send my fee agreement on Thursday, Please sign it to become our client so that we can assist you in making your plans a reality.

Looking forward to working with you

John Stroll
Chairman
Stroll Enterprises
980 Post Road East
Westport CT 06880
Cell 203-803-5547

From: Paul (Maxion) <pmichelin@maxion.ca>
Sent: Saturday, January 13, 2018 11:13 AM
To: J S
Cc: Rob Dal Bianco
Subject: Re: John Stroll Re: Funding the Uptown Opportunity

John. When will you be available for a call. Today I'm away. How's tomorrow any time. Monday between 11 am and 1.

Thanks.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone [\(416\) 238-7818 Ext. 212](tel:(416)238-7818)
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and Lasting Memories*

On Jan 13, 2018, at 11:05 AM, J S <jjisjjs2@hotmail.com> wrote:

Paul

As I learn more about your group and your project I will be able to offer more funding options to you.

John

Get [Outlook for Android](#)

From: Paul (Maxion) <pmichelin@maxion.ca>
Sent: Saturday, January 13, 2018 8:50:03 AM
To: J S
Cc: Rob-External
Subject: Re: John Stroll Re: Funding the Uptown Opportunity

Good morning John thank you for the options on funding. I will discuss with Rob and get back to you shortly.

Paul Michelin

Founder & CEO

pmichelin@maxion.ca

<image001.png>

610 Applewood Crescent, Suite 502

Vaughan, On, L4K 0E3

Telephone [\(416\) 238-7818 Ext. 212](tel:(416)238-7818)

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From: John Strohl <jjisjjs2@hotmail.com>
Date: Friday, January 12, 2018 at 11:08 PM
To: Paul Michelin <pmichelin@maxion.ca>
Subject: John Stroll Re: Funding the Uptown Opportunity

Paul

Thank you getting back to me with your materials.

We could get investors to invest all the money you need into an investment vehicle.

We have 6 call centers around the world that will bring the investors from 40 countries to invest the money.

No collateral is required.

No downpayment is required.

No cash flow is required.

No equity is given up.

No debit is taken on so you can never be foreclosed on.

Our investor put up all the funds.

In return the managers of the investor group receive 60% of the net income and you receive 40%.

You remain in full control of your company and retain all ownership of the property.

My fee for raising the funds is 12% of the money paid only if you get money in

your account. Even if major investors make a great offer but you never receive the money

then you do not pay us anything.

The initial funds you will be required to pay are the government registration fees

in addition to accounting and legal fees. This is \$350,000 payable over 2 or 3 months.

Any additional fees are paid out of the funds raised.

If this interests you then we can move forward.

Another major investor will provide all the funds you require.

However, he requires you to put 20% into an escrow account in the form of interest

bearing government treasuries at a Major Bank. He retains 100% ownership of the company.

You split the net operating income 51% to him and 49% to yourself. Each year he requires you to buy back some of the ownership of the property so that in 7 years you own the entire property and business 100% yourself. He will expect you to buy 5% or more of the company each year until he is paid back all his money. When he is paid back then you get your escrow money back.

I have other investors with other funding programs.

Feel free to call me any time

My cell is 203-803-5547

Thank you for your time

John Stroll

From: Paul (Maxion) <pmichelin@maxion.ca>
Sent: Friday, January 12, 2018 2:34 PM
To: John Strohl
Cc: Rob-External; Adam Patterson; Rychard Lardner
Subject: Uptown Opportunity

Good afternoon John,

I am a partner and friend of Rob Dal Bianco, who enjoyed his time with your brother Joe. Rob pointed out that the two of you may have an interest to participate on our senior development in Waterloo Ontario.

Attached you will find a development overview of the "The Uptown Inc" and the opportunity available. We are looking for people of like minds.

The ideal solution would be a person/firm to participate equally with us on the Uptown Development. We are well on our way with occupancy projected for the summer of 2019, therefore the timelines for the returns on investments would be shortened considerably. The participants will help us in building a relationship that ultimately will find us developing similar opportunities throughout Ontario "together developing as partners in profit"

Our philosophy is the "ALL UNDER ONE ROOF" type of firm. We undertake the tasks of design, build, finance and operate The Uptown Development, mitigating the risk of third party builders and operators, thus allowing us to optimize positive outcomes on all fronts.

General Overview.**The ask.**

Phase 1 (Value to date net of bridge 30m)
 Development investment discounted 6.5m = 25% or more/less is available (All funds to be utilized to continue to advance construction). Once it's no longer required for construction it will be utilized as a true share purchase.

In the event return of capital is requested/required it may only take place once stabilized for 6 months minimum. Valuation of the return should be based on a third party that is mutually agreed upon or a lump sum payout at a prearranged amount and timeline.

Completed value phase one. (CBRE)

Appraisal Value CBRE May 2017	84,700,000	Projected NOI 6,312,904 less annual loan cost (3,106,300)	Gross amount for distribution \$ 3,206,604
Excess Land Value Per Scotia	8,200,000	**Please note we haven't taken any consideration to service interest which may increase distribution amount	
Total Projected Value			\$92,900,000
Scotia Cost Phase 1			(72,450,180)
Balance Lift (CBRE)			\$20,449,820

AS you peruse the financial portion of the attached, you will notice two types of residence options, Life lease and Rental. Both are available. In our opinion, this will accelerate lease up time lines. Our preference is Life Lease, it liquidates the construction loan much quicker resulting in a shorter stabilization period. Ultimately allowing to operate with little or no debt. The ongoing cash flows are similar regardless of what type of occupancy is used.

The source and use of funds sheets identify the following, total development costs, hard and soft cost etc. of 63M, all trade costs (Bold Figures are contracted), cost to date 17m, balance to complete 46m. please note this is Phase One only.

The development summary sheets outline the current financial status during construction. illustrating the direct effects of any changes to the construction costs associated on the source and use of funds sheets.

Please visit the following web sites for a better understand of our firms and development.

www.theuptown.ca

www.thecaringnetwork.ca

www.maxion.ca

if you have any questions please don't hesitate to ask.

looking forward to our discussion.

My cell [1\(705\) 718-4870](tel:17057184870)

Paul Michelin

Founder & CEO

pmichelin@maxion.ca

<image001.png>

610 Applewood Crescent, Suite 502

Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212

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CONFIDENTIAL

Jan. 18, 2018

This letter agreement (the "*Agreement*") shall confirm the engagement of Stroll Enterprises, LLC of 980 Post Road East in Westport CT ("Stroll") by _____ (the "Company") located at _____

as the Company's non-exclusive referral agent to refer investors and lenders as well as entities who will donate or buy or sell commodities and or financial instruments. The negotiation of the donation or loan or private placement of securities issued by the Company and/or any of its subsidiaries or affiliates, in the form of common stock, convertible preferred stock, convertible debt, debt with warrants, or any other equity-linked securities (the "Transaction") will be done directly by the investors and or lenders and or donors with the company.

The foregoing services are subject to the following terms and conditions:

1. **Authorization.** Subject to the terms and conditions of this Agreement, the Company hereby retains Stroll to act on a best efforts basis as its referral agent during the Authorization Period (as hereinafter defined) to introduce potential investors, donors, and lenders to the Company and its business line and proposed products in an effort to encourage the consummation of the Transaction in an amount and on terms and conditions satisfactory to the Company. Stroll hereby accepts this agency and agrees to the terms of this Agreement to use its best efforts during the Authorization Period to refer potential investors (the "Investors") who might purchase Securities through a private placement. Stroll will refer potential lenders (the "Lenders") who will arrange the placement of Debt Financing. The Company understands that Stroll shall not have any obligation hereunder to purchase any of the Securities nor to provide financing of any kind to the Company. The company further agrees that Stroll cannot negotiate the transaction and will only refer investors or lenders. In addition, the Company agrees that it will not hold Stroll liable or responsible in the event that the Transaction is not consummated for any reason whatsoever, including, but not limited to, an adverse change in the financial or security markets, insufficient demand, or a lack of interest by Investors or Lenders in the Transaction.

2. **Authorization Period.** Stroll's engagement hereunder shall become effective on the date of execution hereof by both parties and, unless earlier terminated or extended in writing by the Company and/or Stroll, shall expire on January 1, 2023 (the "Termination Date"). The period from the execution of this letter through the Termination Date shall be the Authorization Period ("Authorization Period"). Stroll and the Company may extend the agreement by an additional year by executing an extension letter which shall become an addenda to this agreement. Upon termination of this agreement, any and all addenda shall also terminate. The agreed upon look back period shall remain in effect following the termination of the agreement and any and all addenda as so agreed herein. If a closing of any Transaction occurs after the Termination Date, such Transaction shall be deemed to have occurred within the Authorization Period, and qualify as a Transaction to be compensated pursuant to the terms of the Agreement. Stroll will be paid

his fee if the Investors and or Lenders and or Referrals Stroll refers to the Company invest within 5 years of said Termination Date in the company or in any other company that may acquire the company or the merged result of said companies or in any of the Company's subsidiaries or affiliates or other companies that the Company or senior members manages, controls or is affiliated with. This includes any other companies or spin offs that the principles manage, control, or are affiliated with. If one of the referrals of Stroll Enterprises invests in another entity such as but not limited to a fund which in turn invests in the company then Stroll Enterprises will be paid its fee. If the referrals become an employee, consultant, or principle or part owner or owner then Stroll Enterprises will be paid its fee.

3. Fees and Disbursements.

(a) As compensation for services rendered hereunder, the Company shall pay Stroll fees as follows:

(i) Upon the closing of each Transaction, a transaction fee (the "Transaction Fee") shall become due and payable in cash or stock, at the sole option of Stroll, to Stroll on the combined equity and debt raised in any Transaction as follows:

10% of the Aggregate Consideration (as defined below) paid for Securities or Debt by said Investors and or Lenders and or Referrals. The fee is 10% of any and all money, stock, or other forms of compensation exchanged or donated or bartered or given or taken. This fee is 10% of the purchase price of the company whether acquired in whole or in part; 10% of one or several product(s) is (are) licensed, or sold or purchased; 10% of services are sold, purchased or licensed or bartered; or if stock is purchased or sold or exchanged or given or taken or bartered in the event a private placement does or does not occur. This fee includes 10% of real estate financed, sold, bought, bartered, donated, leaseback, or refinanced including equipment financing, lines of credit, or accounts receivable factored or (re)financed. This fee includes 10% of any payments made to obtain a proof of funds, the funds generated from having received or provided a proof of funds, the actual amount of the proof of funds, and the payments received from a proof of funds. This fee includes 10% of any payments made to get registered including but not limited to become a fund. This fee includes 10% of any profits allocated to the entity that Stroll referred which are reinvested in the Company so as to not have to invest new funds in the Company.

10% of the amount paid for the financial instruments such as bonds

In addition the fee will also include five year warrants convertible into cumulative non diluting preferred stock if and when the company goes public. The cumulative non diluting preferred stock underlying such warrants shall be equal to 5% of the funds raised. Concurrent with the

closing of the Offering, the Company shall sell to Stroll Enterprises (or its designated affiliates) Underwriter's Warrants (the "Underwriter's Warrants") covering a number of Securities equal to 5% of the number of Securities being sold in the Offering. The purchase price of the Underwriter's Warrant shall be \$0.001 per Warrant. The Underwriter's Warrants shall not be exercisable for one year after the Effective Date and will expire five years after such date. The Underwriter's Warrants will be exercisable at a price equal to 5% of the public offering price of the Securities (or such other price as shall be permitted by law). The Company agrees that it will, on one occasion during the four-year period commencing one year from the Effective Date, file a registration statement with the Securities and Exchange Commission (the "Commission") upon the request of the Underwriter at the Company's expense which registration statement shall include the shares of the Company's Stock and Stock underlying the Underwriter's Warrants. The registration statement shall remain effective during the entire exercise term of the Underwriters Warrants. The holders of the Underwriter's Warrants may demand registration of the underlying shares of Stock without exercising the Underwriter's Warrants. In addition, the Company has also agreed, to provide to Stroll Enterprises the Underwriter "piggyback" registration rights covering the shares of the Company's Stock underlying the Underwriter's Warrants. The registration rights regarding the Underwriter's Warrants shall otherwise be in conformity with current rules and regulations. The Underwriter's Warrants will be nontransferable for a period of one year (other than to a successor in merger or consolidation, to a purchaser of substantially all of the Underwriters assets or to its officers or to a selling group member participating in the Offering and the officers thereof) and may be exercised as to all or a lesser number of shares. The Underwriter's Warrants shall also provide for adjustment in the number and price of such Warrants to prevent dilution. The Underwriter's Warrants shall be non-redeemable.

When a business is involved, the company attests that it has exhausted all their efforts to get the government to finance the transaction or has never tried. The company agrees that after Stroll has begun servicing the company Stroll will be entitled to Stroll's full fee if the government has changed its decision and decides to finance the transaction or if the company has changed its mind and has now decided to pursue government funding on its own. The government entity will be considered a entity referred by Stroll. The company agrees and acknowledges that Stroll will be acting as a marketing consultant or a referral agent.

(b) For purposes of calculating Stroll's compensation the definition of "Aggregate Consideration" shall be deemed to include cash plus the aggregate fair market value of all monies paid for the Securities or Debt by Investors and or Lenders and or Referrals, plus the aggregate fair market value of all the donated or exchanged items or services, plus licensing fees or royalties of products or patents being licensed, bought or sold; plus revenue generated from the sale or purchase or donation or exchange or barter of related services or consulting services. The fair market value of any non-cash consideration shall be the value as determined by Stroll or an independent third party chosen by Stroll at or prior to the date of the applicable Transaction.

4. **Representations and Covenants.** The Company and Stroll represents and covenants as follows:

(a) The Company represents, warrants and agrees that, except as required by law or legal process, it will keep confidential, and will not disclose to any third party, (i) the amount of the Transaction Fee, the Additional Fee or any other fees and expenses contemplated by this Agreement, and (ii) the identities of the Investors and or Lenders identified or contacted by Stroll.

(b) The Company must disclose to Stroll the names of investors, lenders, donors, acquirers, mergers that consummate a deal with the Company from sources other than Stroll. This will be done upon consummation of the Transaction to determine if those parties were identified by Stroll and other parties, or solely by Stroll, to determine if Stroll has earned its' fee.

(c) Stroll agrees that the Company and its subsidiaries, affiliates or ventures are permitted to seek additional investment aid, resources and advice from other investment and banking sources. Provided however that the recommended Investor or Lender or donor is not on Stroll's list of Investors, Lenders, Donors, or other prospects where Stroll has previously presented the Company and its products, technologies and plans. In such an event Stroll shall have earned its fee. Both parties Stroll Enterprises, LLC. and the Company must mutually disclose all phone records and supporting documentation of Due Diligence with previous contact (Venture Capitalist or private investor for example) as the disputed referral in question.

(d) Stroll further agrees to work cooperatively with any and all designated agents, representatives and investment banking groups as so designated by the Company. Stroll will use its best efforts to reach agreements with designated agents in accordance with standard investment industry practices, and agreements between two competing agencies, agents, institutions or merchant banking group.

The Company shall pay Stroll's full fee when there is a conflict between Stroll and a source of funds brought by another agent chosen by the Company and not affiliated with Stroll as to who is the referral party representing the Investor and or Lender.

The Company acknowledges that Stroll does not have the investigative authority or resources to determine whether the funds or revenue are derived from illegal sources and holds Stroll harmless if the funding or source of revenue is from illegal sources

The Company acknowledges that even though Stroll Enterprises does not charge upfront fees the referrals might request a fee of \$1,000 or \$20,000 or even more plus a commission based on a percentage of funds provided by the referral. The company can reject that request from the referral. The company will pay all their own expenses including but not limited to air fare when meeting a referral.

The Company holds Stroll harmless if the Company does not perform for the investors as promoted or expected.

5. **Dispute Resolution.** Any controversy or claim arising out of or relating to this Agreement or the services provided by Stroll pursuant hereto (including any matter involving any parent, subsidiary, affiliate, successor in interest, or agent of the Company or of Stroll) shall be submitted first to mediation, and if mediation is not successful, then to binding arbitration. Judgment on any arbitration award may be entered in a court having proper jurisdiction in Connecticut or New York.

6. **Governing Law.** The validity, construction, interpretation, and enforcement of this Agreement are governed by, and construed in accordance with the laws of the State of Connecticut applicable to agreements made and to be performed entirely in that state, excluding any laws of that state pertaining to the resolution of conflicts of laws with other jurisdictions.

Each of the Companies and Stroll agree that any action or proceeding based hereon, or arising out of Stroll's engagement hereunder, shall be brought and maintained exclusively in the courts of the State of Connecticut located in the City of Hartford and County of Fairfield or in the United States District Court for New York. The Company and Stroll each hereby irrevocably submits to the jurisdiction of the courts of the State of Connecticut located in the City of Hartford and County of Fairfield or in the United States District Court for New York for the purpose of any action or proceeding as set forth above and agrees to be bound by any judgment rendered thereby in connection with that action or proceeding. Each of the Companies and Stroll hereby waives, any objection which it may have or hereafter may have to the laying of venue of any action or proceeding brought in any court referred to above and any claim that the action or proceeding has been brought in an inconvenient forum.

THE COMPANY (FOR ITSELF, ANYONE CLAIMING THROUGH IT OR IN ITS NAME, AND ON BEHALF OF ITS EQUITY HOLDERS) AND STROLL EACH HEREBY DOES NOT WAIVE ANY RIGHT HE, SHE, OR IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THIS AGREEMENT MAY NOT BE ASSIGNED BY EITHER PARTY WITHOUT THE PRIOR WRITTEN CONSENT OF THE OTHER PARTY. The company will pay all audit, collection, court costs, and legal fees incurred by Stroll Enterprises.

7. **Miscellaneous.** Stroll's engagement hereunder may be terminated by either the Company or Stroll at any time upon written notice to that effect to the other party. Stroll will still get paid his fee within 5 years if a transaction is completed with one of Stroll's referrals after this termination date. It is understood that Stroll is being contracted hereunder solely to provide the services described above to the Company and that Stroll is not acting as an agent or fiduciary of, and shall have no duties or liabilities to, the equity holders of the Company or any third party in connection with its engagement hereunder, all of which are hereby expressly waived.

The Company acknowledges that Stroll is not a stockbroker and is not acting in that capacity.

This Agreement, including every attachment and addenda, embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings, both written and oral, relating to the subject matter hereof. This Agreement may not be amended or otherwise modified or waived except by an instrument in writing signed by both Stroll and the Company. Either party can terminate the agreement in writing. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, then such provision shall be null and void and all other provisions of this agreement shall remain in full force and effect.

8. Stroll may, and its sole and absolute discretion, split its fee with other referring agents around the world chosen by Stroll to help facilitate this agreement at no additional expense to the Company or its subsidiaries or affiliates. The Company or its subsidiaries or affiliates may choose not to be represented by another referral agent that Stroll has chosen. In rare circumstances the fee of the other referring agent may need to be added to the fee of Stroll Enterprises when the other referring agent refuses to share in the fee of Stroll Enterprises. The other referral agent may utilize the services of still other referral agents. Stroll Enterprises will still be paid its fee.

9. Stroll may review all accounting and related financial, sales, and purchasing records to determine if the Company is benefiting from the Investors, Donors, or Lenders Stroll has presented. This includes the records of the Company, its subsidiaries, joint ventures, prior name companies, as well as the personal records of the senior executives of the entities. The Company must immediately release the names of any Investors, Lenders, Donors, their subsidiaries and related companies, who may have been doing business of any kind or nature with the Company as a result of Stroll's presentation of the Company to such an Investor or Lender upon Stroll's request.

10. This agreement will include all prior, present, and future referrals Stroll has made or will make for the Company and its related companies, subsidiaries, spin offs, and affiliates under its current or proper names including but not limited to _____ and others. If referrals made by Stroll to the Company invest, license, donate, barter, co-market, co-license, reengineer, purchase from, or sell to or donates to a first or second party or invest in or donates to another entity that invests or donates in the company then Stroll shall be entitled to its entire fee. Stroll will retain exclusivity of those referrals made to the Company and its executives including if the Company and its senior executives operated under different names such as _____ and any other names. Referral contact information shall be sent via secure email.

11. Stroll Associates will be the exclusive provider of personnel or consultants. Stroll Associates will recruit personnel on a retained basis and will be paid 30% of the total compensation package up front. Stroll Associates will guarantee to find the personnel or will continue until successful. The company that will be the employer will still be able to recruit personnel on their own via ads and from their own personal network of colleagues.

12. The company agrees to pay the fee directly to Stroll Enterprises. The company will pay the stock warrants and other fees directly to Stroll Enterprises. The company will pay any auditing and legal fees for Stroll Enterprises to confirm the amount funded by the referrals from Stroll Enterprises.

13. The Company agrees to abide by all USA and International Anti-Money Laundering Laws.

14. The Company and Stroll Enterprises both agree that signed contracts that are faxed or emailed are as legally binding as a hard copy sent via regular US Mail. The signing parties acknowledge that agreements sent via telefax transmission as original and therefore binding and enforceable.

15. The signatories hereby acknowledge that they are authorized to commit themselves and their company (ies) to the terms of this agreement and do attest that there are not other agreements, contracts, understandings or otherwise either written or oral that can render this agreement unenforceable.

16. If the Company is in need of personnel or consultants, Stroll Associates will be the exclusive provider of personnel or consultants. Stroll Associates will recruit personnel on a retained basis and will be paid 30% of the total compensation package up front. Stroll Associates will guarantee to find the personnel or will continue until successful. The company that will be the employer will still be able to recruit personnel on their own via ads and from their own personal network of colleagues.

17. This paragraph has been intentionally left blank.

18. The company will release a copy of any term sheets that referrals from Stroll Enterprises have released. The company will release all contract information including name, phone number, email address, and physical address of any referral from Stroll Enterprises. This will help Stroll Enterprises perform due diligence on the investor. The company will permit Stroll Enterprises to talk to the investor.

19. If the referral provides a grant or other form of funding which does not have to be paid back then Stroll Enterprises will be entitled to 25% equity (cumulative non diluting Preferred stock) and 25% of the net income of the company. This includes but not limited to a grant from a philanthropist. If part of the grant is to be reinvested in the company or a trade platform that Stroll Enterprises referred then Stroll Enterprises is entitled to 10% of the funds continually generated from the investment.

Please confirm that the foregoing correctly sets forth our agreement by manually signing, notarizing, and returning to Stroll two duplicate copies of this Agreement.

Dated: _____

STROLL ENTERPRISES, LLC

By _____

Accepted and Agreed to as of

the date first written above:

_____ and their former, current, and future affiliates,
subsidiaries, mergers, new ventures, spin offs, co-marketing, licensing, and acquisitions

By: _____, Chairman of the foregoing entities

By _____

CEO

Notary _____

APPENDIX “V”

From: Paul (Maxion) <pmichelin@maxion.ca>

Date: Sun, Jan 28, 2018 at 7:00 PM

Subject: Update

To: Rob Dal Bianco <rdalbiano@maxion.ca>

Hi Rob, I just would like to give you a brief update.

Friday, I meet with Firm to go over the construction budget, interest on construction including interest reserve for lease up. We reviewed the effects of slower lease up durations of the full 24 month as forecasted from the feasibility study. The document noted that lease up time line will be reduced if the two types of housing models lease up concurrently. We reviewed the accelerated option and concluded that stabilization could be achieved by month 10. (Debt service ratio of 1.3) This review resulted with a reserve between 1.2 and 2 million, construction interest cost at 8% 3.4 million +-, contingency of construction cost 1.5% = 900,000.00 +-, lenders fee 2% = 1,000,000 +- (My numbers)

In summary (My assumption)

Construction cost to complete + - 47 mil

Construction interest + - 3.4 mil

Interest reserve + - 2.0 mil

Lender fees. + - 1.0 mil

Subtotal \$53.4 mil (will be confirmed by their underwriter numbers will change)

If Firm were to provide a loan of 47m, the gap is 6.5m of additional cash equity. Firm has the ability to fund this size of a loan without the need to syndicate.

During the conclusion of the meeting, my question was simple, do you feel this deal is doable? he replied, "8 months ago you tried to get a bridge from us with Live solar and Cerico. We couldn't get our heads around it and them. Now we funded the startup of One Bloor with them, we should have thanked you for the original introduction. The answer is Yes, we have done deals with Lalu and know their strength, you're lucky to have their support. We know Eli Gutstadt and his circle of friends. He wouldn't be there if this wasn't real. "

I asked how long till I see paper? He replied closer to the end of next week. If there is a gap will you be able to cover it or do you need an equity piece too? My reply "please get me paper and I will send it to Marty Burnhults as he is showing interest to join in as equity if Lalu doesn't "He commented " holy sht, you know him too" .

Rob I don't like name dropping and I never do, but Eli would have approved.

Friday evening Eli called, we discussed Lalu and the importance to keeping them on track. They may request or do something on the final hour, we need to negotiate and close the deal. There is so much more to do together than apart. Once we have the construction loan, He will approach people to invest," it's a no-brainer all the hard work is over."

I requested that he should be our lawyer. He can't it will become a conflict in the future as he will bring his friends and clients to the table soon.

Next week planning

- A. Lalu is reviewing their Guarantee with Trez Capital 10 am Monday they think the gap of equity is 5mil, Trez should be able to go to credit Tuesday if not its Friday. (They need to syndicate)
- B. Phoenix Capital is interested 7.5m equity and a Bridge piece of 15 m to replace IMC on first, I will follow up mid-day,
- C. Jeff Shaperio may have equity including a bridge piece of 15m to replace IMC on first. (something is cooking, or he wouldn't send out an agreement to sign)
- D. Alex with David Rosenblatt have assembled 3m going towards 6m as requested by Lalu (, Gap funds to be placed now) I will follow up Monday mid-day.
- E. Mike Ross introduced us to Phoenix is also interested in equity. He has sold a business/build in the states that is to close next week. He would like to place 2.5m USD with us as well.
- F. Eli has others once construction loan is in play.
- G. Bridge capital Robb Cocovic (coco paving) referred to us by Philip Rimer. Is interested to cover loan gap up to 10m. Adam and he are staying in contact as we wait for paper, you were with me in the meeting. He seems genuine
- H. BMO Capital Market Group referred by Philip. They need 20% on investment, Adam isn't chasing hard, keeping them in the loop for a future relationship.

We know what we need to do once we have cash that isn't required to satisfy the loan gap, Dads 5M first! ,,Simple!!!

But we can't allow new partners without a discussion with Lalu. That reasonable

Lalu has agreed to guarantee bridge loans. Maybe they will do same for Dads 5M in second. I will ask.

The Development Risk.

We continue to discuss our current compromised position due to the lack of cash flow. We are in the middle of rectifying as noted above. (Timing)

Construction for our group is controlled risk, to place 60m into construction and complete the build and get stabilized brings a 35 to 40m lift in 36 months, including a cash flowing business, no need to go into great details.

We have slowed the site progress. Not a full stop. If we tell our contracted contractor to stop! They will begin to calculate a delay claim, in the event we can't pay them, they will add loss of business and opportunity to their liens of current outstanding amounts. Compounding to the situation

We know the site isn't clean. It has some table 3 contaminates. The past month we have been excavating and cleaning phase one area. The cost isn't finalized but will be around 700,000.00, final clean reports should be available next week for MOE. Due the found contaminates in phase one. Lenders may have assumed same for areas of phases 2 and 3. I don't know. But that may be the reasoning for them to use only phase 1 land equity only?

Site history... first a farm, then aggregate pit, then became a land fill site and now the uptown. During the lifespan as a land fill the materials weren't considered contaminated by the standard of that era. The standards have changed, January 2018 as an example some items in table 2 have been place in the third table. We moved quickly manage the risk to remove the noted contaminates, table change may have potentially added 4 to 500,000 dollars for material handling. Contaminates in land fill sites are difficult to quantity as each delivery is dumped spread over a larger area, graded and packed never consistent contaminates. It's never quantified till removed. As opposed to a gas station. (one location typically, one type of contaminates)

We know that contaminated sites have much lower value. If we give up the following will happen. Trades Lien, lenders take control, sites not sure if clean, (Balance of phases.) Funds available for others little to zero. There are many scenarios I have lived though one. No one wins. Not one. The win is to finish. Nothing short of it.

We have a lot in play and need to be graceful when dealing with the groups above. If we become demanding people stop and move on. There are many opportunities out there for them. Why invest with us or work with us?. We aren't abrasive,

we have a good opportunity, we will grow the business platform and diversify and have the ability due so due to our team's strength.

I will request a conference call with Lalu, you John and I tomorrow. I will advise.

We are all pulling the ropes together, no one is on deck watching the sails.

Let's continue to find solutions and not justifications.

Paul Michelin

Founder & CEO

pmichelin@maxion.ca



610 Applewood Crescent, Suite 502

Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212

themaxiongroup.ca

Teaming Together To Develop Active Communities Promoting Healthy Lifestyles and Lasting Memories

From: **Paul (Maxion)** <pmichelin@maxion.ca>
Date: Sun, Jan 28, 2018 at 9:51 AM
Subject: Re: Call with Suske
To: Rob-External <rpdalbianco@gmail.com>
Cc: Adam Patterson <apatterson@maxion.ca>

Good morning. Rob

We will try and have Gerard and or Domenic on a call before 10 am. As they will continue to work with Trez loan.

Thx.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

Teaming Together To Develop Active Communities Promoting Healthy Lifestyles and Lasting Memories

On Jan 28, 2018, at 9:27 AM, Rob Dal Bianco <rpdalbianco@gmail.com> wrote:

Please line up a monday AM call with Gerard for Deem's benefit and assurance.

Thx

On Sun, Jan 28, 2018 at 9:22 AM, Paul (Maxion) <pmichelin@maxion.ca> wrote:
Interesting. Thx.

Paul Michelin

Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

Teaming Together To Develop Active Communities Promoting Healthy Lifestyles and Lasting Memories

On Jan 27, 2018, at 8:58 PM, Rob Dal Bianco <rpdalbianco@gmail.com> wrote:

also this....

<https://wealthyedge.ca/images/gallery/Wealthy%20Edge/Suske%20Corporate%20Brochure.pdf>

On Sat, Jan 27, 2018 at 8:16 PM, Adam Patterson <apatterson@maxion.ca> wrote:

Did you ask him to put us in touch? If not he is overstepping. Tell him to hold station.

Adam Patterson
The Maxion Group

From: Rob Dal Bianco <rpdalbianco@gmail.com>
Sent: Saturday, January 27, 2018 4:56:31 PM
To: Paul (Maxion); Adam Patterson
Subject: Fwd: Call with Suske

FYI

for the record I will not be responding to this email.

I have not attempted to call Suske. I am curious though to see if he will try to contact me.

----- Forwarded message -----

From: Mike Chiu <mchiu@capitalwest.ca>
Date: Sat, Jan 27, 2018 at 2:10 PM
Subject: Call with Suske
To: "rdalbianco@maxion.ca" <rdalbianco@maxion.ca>

Rob,

Did you speak with Steve Suske? Let me know when you have a discussion,
and if I can be of assistance in putting something together.

Mike

Sent from my iPhone

APPENDIX “W”

From: **Rob Dal Bianco** <rpdalbiano@gmail.com>

Date: Fri, Feb 2, 2018 at 9:30 PM

Subject: Re: Trez update

To: Adam Patterson <apatterson@maxion.ca>

Cc: Paul (Maxion) <pmichelin@maxion.ca>

Great news! Thanks Adam

On Fri, Feb 2, 2018 at 9:17 PM, Adam Patterson <apatterson@maxion.ca> wrote:
Just got an email confirming the head of underwriting at trez likes the deal. Going to credit with good support.

Enjoy your evening.

A

Adam Patterson
Chief Financial Officer
(416)238-7818 ext 215

APPENDIX "X"

Firm Capital Corporation

Mortgage Banking • Real Estate Capital
163 Cartwright Avenue
Toronto, Ontario
M6A 1V5
Tel: 416-635-0221
Fax: 416-635-1713

February 12, 2018

ATTN: MR. PAUL MICHELIN

The Maxion Group
610 Applewood Crescent
Vaughan, Ontario
L4K 0E3

LETTER OF INTENT

RE : 215 – 229 LEXINGTON ROAD, WATERLOO, ONTARIO (the “Property”)

The following outlines the basic terms and conditions under which Firm Capital Corporation (“FCC”) is in a position to arrange mortgage financing for the above noted property based on the information that you have provided;

PURPOSE: To finance the completion of Phase I as highlighted below.

BORROWER: The Uptown Inc. (the “Borrower”)

GUARANTOR: Deem Management Ltd., Deem Management Services Ltd., Maxion Management Services Inc. Lalu Canada Inc., Robert Dal Bianco, and Paul Michelin (Collectively the “Guarantor”)

LOAN AMOUNT: \$45,000,000.00 Construction first mortgage loan facility (the “Loan”)

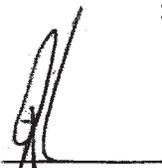
INTEREST RATE: Floating at greater of 8.50% Per Annum or the TD Canada Trust Posted Bank Prime Rate of 4.85% Per Annum

TERM: 24 Months, from the interest adjustment date.

AMORTIZATION: 0, interest only.

REPAYMENT: Due monthly, interest only, calculated daily, and compounded monthly on each payment date on the total of the principal balance plus accrued interest outstanding on the payment date.

Borrower(s) &
Guarantor(s) Initials:



PRIVILEGES:

Open on any date during the term of the mortgage, upon NIL (0) month interest penalty, with ten (10) days written notice.

LOAN SECURITY:

1. A first mortgage on the land and all existing and future improvements described as: **215 - 229 Lexington Road, Waterloo, Ontario.**
2. An assignment of all municipal approvals & agreements, construction contracts, Project letters of credit, and approved Project drawings.
3. An assignment of all licenses required to operate the subject Property on completion, if any.
4. An assignment and pledge of all securities posted in relation to the subject Property, including, but not limited to, cash security posted (i) directly with Tarion, (ii) directly with the city/town/municipality, and (iii) or posted with a financial institution as security for letters of credit for the Project. The Borrower(s) is to provide a direction to the party holding the cash security (i.e. Tarion, City/Municipality, Financial Institution, etc.) directing all releases/reductions in the cash security to the Lender.
5. A General Security Agreement for the Borrower(s) and Corporate Guarantor(s), and an Assignment of Rents and Leases, registered under PPSA.
6. An assignment and pledge of the shares of the Borrower(s).
7. Postponements of Claim from (i) all shareholders/unit holders of the Borrower(s), (ii) the Guarantor(s), and (iii) all related party debt holders of the Borrower(s).
8. Any other reasonable security documentation requested by the Lender's solicitor.

PROPERTY DESCRIPTION:

The Property comprises approximately 4.98 acres of land and is irregular in shape with a sloping topography. The Property is currently improved with an older operating 84 Bed Nursing home referred to as Pinehaven Nursing Home. The Property will be developed over three phases as follows:

Phase I: Will consist of a 6 storey building comprising 200,000 sq. ft. having a total of 190 units. The 190 units will be across 130,000 sq. ft. of net leasable area and will comprise 95 units of independent living and 95 units independent support living. In addition to the living units, the building will comprise the amenity space for both Phase I and Phase II. (the "Project")

Phase II: Will consist of an 8 storey building comprising 109,000 sq. ft. having a total of 130. The 130 units will be across 63,500 sq. ft. of the net leasable area and will comprise 130 units of enhanced care living.

Phase III: Will consist of an 8 storey building comprising 192,000 sq. ft. having a total of 170. The 170 units will be across 175,000 sq. ft. of the net

Borrower(s) &
Guarantor(s) Initials: _____

leasable area and will comprise 130 units of Independent living. In addition to the living units the ground floor will comprise 6,500 sq. ft. of commercial space.

COMMITMENT

FEE: \$900,000.00 TO: Firm Capital Corporation

The Borrower shall provide a standby deposit in the amount of \$100,000.00, which will be credited towards the Commitment Fee at closing. The standby deposit will be returned in the event that no Mortgage Commitment Letter (the "Commitment Letter") is issued pursuant to the terms and conditions noted herein.

SPECIAL LOAN CONDITIONS:

- 1. The Loan is subject to FCC receiving a current dated appraisal report, from an appraiser satisfactory to FCC, and being addressed to the lenders, confirming the following values:

As Is Property Value :	\$ 4,500,000.00	Phase I
	\$ 3,000,000.00	Phase II
	\$ 5,200,000.00	Phase III
	<u>\$12,700,000.00</u>	

Completed Value : \$84,700,000.00 Phase I Only

The form and content of the appraisal report must be to the complete satisfaction of FCC. The cost of the appraisal shall be at the Borrower's expense.

- 2. The Loan is subject to FCC receiving an Environmental Site Assessment Report, addressed to the Lender, from an environmental assessment company satisfactory to FCC, confirming that the subject Property is free of all environmental contamination. In the event that contamination has been remediated on site the Borrower will need to provide an accepted record of site condition. The form and content of the Environmental Site Assessment must be to the complete satisfaction of FCC. The cost of the Environmental Site Assessment(s) shall be at the Borrower's expense.
- 3. The Loan is subject to FCC receiving a Geotechnical Report, addressed to the Lender, from an engineering company satisfactory to FCC, confirming that there are no negative impediments that could adversely affect construction at the subject Property. The form and content of the Environmental Site Assessment must be to the complete satisfaction of F.C.C.. The cost of the Geotechnical Report(s) shall be at the Borrower's expense.
- 4. The Loan is subject to FCC receiving a feasibility study for the Project confirming that there is sufficient capacity to meet the stabilized lease up target of 95% occupancy, along with confirmation the Borrower's projected income and expense figures are achievable.
- 5. Subject to confirming that all three phases of the Project are approved the buildings for the buildings that have been noted herein.

Borrower(s) & Guarantor(s) Initials: _____ 

6. Subject to confirming the overall viability of the Project in the sole arbitrary and subjective discretion of the Lender.

PROJECT COST AND SOURCE OF FUND

Prior to the first advance of funds the Borrower(s) will provide detailed confirmation of the Project cost, and equity as detailed below:

<u>Project Costs</u>	
Land Cost	\$ 4,500,000.00
Soft Costs	\$12,285,000.00
Hard Cost	\$48,000,000.00
Construction Management Fee	\$ 3,000,000.00
Construction Interest	\$ 5,000,000.00
HST Payable	\$ 8,500,000.00
Total	<u>\$81,585,000.00</u>

<u>Source and Use of Funds</u>	
Subject Loan	\$ 45,000,000.00
Borrowers Cash Equity	<u>\$ 36,585,000.00</u>
Total Source and Use of Funds	<u>\$ 81,585,000.00</u>

The above outlines the Project cost and source of funds for the completion of Phase I of the Project. The Lender will require an approved cost consultant review and verify costs as noted below. The budget shall provide for a contingency as well as interest during and after construction though the lease up period based on projection made by the feasibility consultant. The budget does not include the HST rebate of \$3,800,000.00 which is anticipated to come back 60 to 90 days after construction is completed. The Lender will have an assignment of the HST rebate and will utilize it to pay down the principal under the Loan. All advances made herein will be on a cost to complete basis, any costs overruns will be required to be funded by the Borrower prior to any subsequent advances being made.

PROJECT MONITOR:

The Project Monitor to be approved by FCC shall review and approve the Borrower's detailed Project budget with such approved budget to form the basis for all advances. At the time of the initial advance the Consultant shall confirm, total Project budget, work in place, and Borrowers equity. At the time of each subsequent advance the Project monitor shall provide a certificate confirming the work in place at the Project, and the cost to complete the Project, along with any cost overruns. All cost overruns will be required to be funded from the Borrowers own resources, in addition to the Borrower's equity noted above.

INCOME AND EXPENSE

Subject to confirming the following stabilized income and expense for the building

Revenue	
Room Revenue	\$ 8,599,386.00
Ancillary Income	<u>\$ 977,600.00</u>
Effective Gross Revenue	<u>\$ 9,576,986.00</u>

Borrower(s) &
Guarantor(s) Initials: _____

Operating Expenses	
Salary / Wages / Benefits / Admin	\$ 2,153,491.00
Food & Beverage / Supplies /	\$ 505,029.00
Maintenance / Utilities / Taxes	\$ 1,113,500.00
Advertising / Management Fee	\$ 513,100.00
Total Expenses	\$ 4,285,120.00

Net stabilized operating Income **\$ 5,291,866.00**

All figure shall be confirmed via the Appraisal report and Feasibility study.

LALU CANADA INC.

Lalu Canada Inc. is providing a corporate guarantee in support of the construction Loan. In exchange for this corporate guarantee Lalu will receive the option to buy a 50% participation in the Project for \$15,000,000.00 within the first 12 months of the construction financing having closed. In the event that Lalu Canada Inc. becomes a participant in the Project. The any monies due to the joint venture shall be utilized to reduce the principal balance outstanding under the Loan.

REQUIERED DOCUMENTS:

The Loan is subject to FCC receiving all other standard underwriting documentation/conditions for a loan of this nature, as requested by FCC, including, but not limited to, the following:

- (i) Current appraisal reports for the Property / Project as noted herein with such appraisals being address to the Lender
- (ii) Confirmation of all approvals in place, with development charges and levies having been paid.
- (iii) A copy of the plans and specifications for the Project approved by the municipality.
- (iv) Copy of the site plan agreement confirming the financing requirement under the Project to include but not be limited to: Park Land dedication, Levies and Development Charges, Letter of credit Requirements.
- (v) Detailed Project cost summary to be prepared by the Project monitor
- (vi) A resume on the builder and the operator of the Project.
- (vii) Loan Application(s) and Net worth Statement for the Borrower and Guarantor to the satisfaction of the Lender.
- (viii) The most recent Financial Statements for the corporate Borrower and Guarantor
- (ix) A copy of the existing debt and discharge statement
- (x) Survey of the Property
- (xi) A satisfactory site inspection by FCC (at FCC's option)

SOLICITORS: The Lender will appoint their own solicitors for this transaction, the cost of which shall be at the Borrower's expense.

This letter should not be considered as a Commitment, but only as an indication of our interest (Letter of Intent). If you wish to proceed to the Commitment Letter stage under the terms outlined herein, please sign this letter where indicated by no later than February 19, 2018, and return one copy to the undersigned along with a Stand-By Deposit in the amount of \$100,000.00 made payable to Firm Capital Corporation.

Yours truly,

Borrower(s) &
Guarantor(s) Initials: _____

FIRM CAPTIAL CORPORATION

PER:



Michael Warner
Senior Vice President

E. & O. E.

ACKNOWLEDGMENT

This acknowledgment forms an integral part of the Letter of Intent dated February 12, 2018.

I/We have read and fully understand the terms and conditions of the attached Letter of Intent as presented.

I/We hereby instruct FCC to proceed to have this mortgage loan approved for funding and on approval to issue a Commitment Letter on the same terms and conditions as set out in this Letter of Intent. If a Commitment Letter is not issued to the Borrower by FCC within 15 business days of acceptance of this Letter of Intent the Stand-By Deposit paid by the Borrower will be returned to the Borrower. If FCC furnishes a Commitment letter to the Borrower on the same terms and conditions as set out in this Letter of Intent, and the Borrower does not accept the Commitment Letter, then the Stand-By Deposit shall be retained and the balance of the Commitment Fee shall be due and payable, and it is agreed that the Stand-By Deposit and balance of the Commitment Fee Shall be retained by FCC as liquidated damages, and not as a penalty, and the loan commitment shall be at an end.

I/We hereby acknowledge that I/We have been advised by FCC to seek independent legal advice with respect to this mortgage loan and have been given the opportunity to do so prior to signing this Letter of Intent.

Acknowledged and Agreed at _____ this _____ day of _____, 2018.

BORROWER:

THE UPTOWN INC.

PER:

A.S.O.

GUARANTOR ACCEPTANCE ON NEXT PAGE

Borrower(s) &
Guarantor(s) Initials: _____



GUARANTOR:

DEEM MANAGEMENT LTD.

PER:

A.S.O.

DEEM MANAGEMENT SERVICES LTD.

PER:

A.S.O.

MAXION MANAGEMENT SERVICES INC.

PER: *Paul Michelin*



A.S.O.

LALU CANADA INC.

PER:

A.S.O.

ROBERT DEL BIANCO



PAUL MICHELIN

Ontario Mortgage Brokerage, Lenders and Administrators Act License #10164, Administrators License #11442

Borrower(s) &
Guarantor(s) Initials: *PM*

APPENDIX "Y"

From: **Paul (Maxion)** <pmichelin@maxion.ca>
Date: Fri, Mar 16, 2018 at 3:47 PM
Subject: Re: Notes for term sheet as requested
To: Emilio Pompilio (Maxion) <epompilio@maxion.ca>
Cc: Eli Gutstadt LL B <gutstadt@torlaw.com>, Adam Patterson <apatterson@maxion.ca>, Rob-External <rpdalbianco@gmail.com>

Hi Emilio, please send the legal description of the uptown to Eli of which he is cc'd. On.

Thanks.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

Teaming Together To Develop Active Communities Promoting Healthy Lifestyles and Lasting Memories

On Mar 16, 2018, at 3:42 PM, Adam Patterson <apatterson@maxion.ca> wrote:

Great to hear it went well.

A.

Adam Patterson
Chief Financial Officer
(416)238-7818 ext 215

From: Paul (Maxion)
Sent: Friday, March 16, 2018 2:54:39 PM
To: Eli Gutstadt B Sc. LL B
Cc: Rob-External; Adam Patterson; Peter Murphy
Subject: Notes for term sheet as requested

Eli As Discussed. The starting point of the draft! Up Town Investment.

- A. 15m for 50% phase 1. Option to participate on balance of development, additional 15m of equity, installment made once phase 1 roof is poured,(Concrete) total equity of 30m. for 50% of the total development, use of the second installment is for the advancement of phase 2. And or as agreed by stakeholders.
- B. timing for first advance, upon signing of commitment. Place 15m in first position for security, removing IMC Bridge and for construction. Once first construction draw is available. Core will be removed from title.
- C. As new equity participants they will grandfather in all current agreement. But not limited to JV and or contracts.
- D. Open discussion regarding ownership structure as GP/LP or shareholders agreements
- E. Their investment is peri-pasu and seats on the board
- F. Construction and operations of the facility will be of open book policies and as out lined in current JV.
- G. All stake holders to share the responsibility of the construction loan.
- H. Distribution amounts once available will be set as the following waterfall.
 - 1. From the available NOI, agreed % shall be retained for future cash flows if required for operations ect. (not a building reserve fund for building maintenance which is built in the Performa)
 - 2. If the targeted NOI's are achieved less % noted in item "H1"they will distributed equally. Any overages will be 60% TMG-Deem/40% Core? In the event the targeted numbers are less than forecasted, they shall be shared 60% Core and 40% TMG-Deem. (Please note that distribution amounts will be equal to shares)
- I. Liquidity, in the event that Core, or its subsidiaries wishes not to participate on the total development, notice must be given 60 days prior to phase 1 roof poured as noted in Item "A" second equity installment.
- J. Liquidity shall only take place at stabilization as defend by the construction loan documents at a cape rate of 6.5% of the NOI as of that time.
- K. Once value is confirmed payout shall not exceed 120 days.
- L. In the event circumstances do not allow payment as noted in Item "J" annualized interest rate of 2% above the posted Bank of Canada Prime rate. for the first year paid quarterly.
- M. Repayment delay over one year 6% over Bank of Canada Prime Rate. Paid quarterly
- N. Notwithstanding the above as it relates to The Uptown, equal opportunity is available to the adjacent lands to the west. Future redevelop of an existing plaza to a medical/retail.

Equally noted and discussed, as Core Participates with our vision on the noted development. The Maxion Group will assist with future development of Core similar to the above for any capacity.

Paul Michelin

Founder & CEO

pmichelin@maxion.ca



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APPENDIX “Z”

From: Paul (Maxion) <pmichelin@maxion.ca>

Date: Fri, Mar 23, 2018 at 10:53 AM

Subject: Core developments consideration of investment

To: Philip Rimer <philip.rimer@dentons.com>

Cc: Rob Dal Bianco <rdalbiano@maxion.ca>, Adam Patterson <apatterson@maxion.ca>, Peter Murphy <pmurphy@maxion.ca>, Eli Gutstadt LL B <gutstadt@torlaw.com>

Good morning Philip,

As discussed yesterday the attached is just a starting point of the LOI/term sheet ?

The majority of the items noted formed part of our discussion during the meeting of last Friday. March 16,18.

Attendees

1) Envey International

Mike Ross, Tim Mitchell

2) Salient Finance Corp

James Kitchen

3) investor, Core Developments

Corey Hawtin, Founder and CEO,

Bryan Nykoliation, V.P

4) Maxion

Eli Gutstadt, Peter Murphy, my self.

Adam Paterson on a conference line.

We are hopeful to receive confirmation of their intent today. In the event that they will move forward. We may move from LOI/term and move to commitment documents.

I discussed documenting the deal at Dentons office with Philip, only stake holders present. Persons noted above and Rob D. Excluding brokers.

This would expedite the process.

I will keep all in the loop.

Thanks.

Summary of Terms and Conditions
(DRAFT COPY MARCH 19 2018)

This document is for discussion purposes only

This summary of indicative terms and conditions is for the discussion of an equity investment from XXXXXXXX (Investor) alongside The Uptown Inc., its partners and stakeholders (sponsors) in the three phases of the Uptown seniors development in Kitchener Waterloo Ontario.

This terms sheet is based on the discussions between the two parties to date and is not necessarily exhaustive as to the final terms and conditions of a final document and covers the relevant sections accordingly.

Date: March 19th, 2018

Target Closing Date : March 30th, 2018

Sponsors: Collectively termed "sponsors"
Deem Management Services Ltd
Deem Management Ltd
Rob Dal Bianco
The Maxion Group
Paul Michelin

Current Asset Value:	Land Value.	\$ 12,700,000
	Work In place to Date	\$ 19,800,000
	Total Asset	\$ 32,500,000

Phase One Investment amount: \$15,000,000
Investor Security: 50% of all common shares in the Uptown development for phase 1, Board representation

Optional Investment of Total Development: \$15,000,000
Investor Security: 50% of all common shares in the Uptown development for phases 1,2 and 3

Project status: Permitted and underway with construction excavation complete and shoring.

Nature of Investment

The investor will be purchasing shares in the Uptown development on a pari passu basis with the sponsors. This investment will be tiered as two tranches of contributed capital.

Contribution 1 – this initial \$15mm will be used as the initial purchase into the uptown and be due on the acceptance of terms and completion of a final document set with counsel. These funds if taken on a standalone basis would provide the investor with a 50% stake in the Uptown but be limited to the phase 1 development.

Contribution 2 - A subsequent \$15mm Option exists should the investor wish to participate beyond phase 1. Due to financial management and planning requirements for phases 2-3, this participation option would need to be executed on or before the completion of milestone #1 Milestone #1 is the pouring of the phase 1 roof (final exterior casement).

The option to participate on phases 2-3 will need to be defined with sufficient lead time that the Uptown partners can provide liquidity to any investor limited to phase 1 and deal with the necessary financial structuring to allow the project to continue without delays in the continuity of building of the entire campus.

The two investments are earmarked to advance phases 1 and 2-3 respectively. The utilization of the capital will be verified and discussed by all participants at the board level to ensure fiduciary responsibilities to all stakeholders are upheld.

The initial investment will remove the current IMC bridge position and assist in the advancement of the project on site.

Current Arrangements

The current sponsors have a comprehensive JV agreement that ties their interests, duties and rolls to the development. Shall be grandfathered.

Share Structure

The Uptown is currently a corporate structure. On joining with the new investor group the structure may be maintained or amended towards a GP/LP structure to accommodate the tax and structural needs of the participants.

New investments will be used for the further development of the project. It is anticipated that other than liquidating any current secured debt to improve the capital stack.

Board Representation

The board of directors will consist of representatives from both sponsors and investors. An equal number board is possible, but a single independent member should be appointed for balance.

Operational and Development Policies

All financial, engineering, structural and marketing information will be open to all equity participants on a regular basis. The sponsors insist on an open book policy to the investor.

Copies of all construction, marketing, finance and regulatory items will be held on site at Maxion offices at 610 Applewood Cres in Vaughan Ontario for review by partners at any time.

Joint Financial Sponsorship

All stakeholders will be required to be signatories to the construction financing facility.

Distributions and Liquidity Events

Liquidity events that provide for capital exits or regular distributions occur at phase stabilization points as well as on quarterly dividend payment/reinvestment post stabilization on each phase.

Initial stabilization points will be reached on the completion of a phase and sell through of life lease units, or on 85% or higher rental occupancy. On each stabilization point a mark to market estimate will be given to assess the value of the facility and be based on the current cap rate value of a facility (rental) against institutional transactions in the preceding 12 months from the time of mark. Under a life lease scenario the market value will include proceeds from the sale of the lease contracts plus the market value of the service NOI on the common spaces in that phase.

On stabilization, the combined facility operations (note if a participant does not participate beyond phase 1 they will be liquidated prior to any further benefits gained from cash flows in follow on phases) will report to the board on the total finances available for distributions as dividends. Decision on distribution will be made quarterly by all stakeholders.

An outline of the voting mechanism for the use of capital distributions will be created and approved by all stakeholders.

Optional preferred equity

Should any participant choose a preferred position then this can be discussed.

Further Consideration

The sponsors also own the adjacent land which is slated to be an inter-connected medical centre (by way of underground walkway) and full service pharmacy. This additional facility will increase the value of the Uptown due to its immediate proximity to medical professionals and the ability to see physicians with less travel if needed.

Sponsors and Investors may enter into extended discussions between contribution #1 and contribution #2 on how that facility could be dovetailed into the overall investment structure.

APPENDIX "AA"

From: Adam Patterson <apatterson@maxion.ca>

Motion Record Page No. 424

Date: Fri, Apr 6, 2018 at 12:44 PM

Subject: quick update

To: Rob-External <rpdalbianco@gmail.com>

Rob,

Just a quick FYI I have had a few calls with two groups in both Chicago and San Francisco the last couple days. Both are large real estate investment groups that are active in seniors housing. They like the upper private pay type market (i.e. Uptown and similar).

In both cases we are reviewing full \$55mm debt, a combo of debt/preferred equity and also one of them is asking about whether we would sell the equity stack and remain as operating partner only (would take your operational franchise model forward if they go that way – could be quite fun)

I've had 3 calls with them the last 48 hours and have follow ups tomorrow (Saturday) and Monday early as time is of the essence. Both are separate groups but moving at similar paces.

Doing my best to find someone to give us a solution that is reasonable and also brings long term value and revenue to the Uptown team.

I hope all is well and not too stressful at your end. Call anytime.

Adam.

APPENDIX "BB"

From: Paul (Maxion) <pmichelin@maxion.ca>
Date: Tue, Apr 24, 2018 at 12:02 PM
Subject: Fwd: Mortgage Commitment
To: Bosco Chan <bosco.chan@livesolar.ca>
Cc: Rob Dal Bianco <rdalbianco@maxion.ca>

Thanks Bosco,

Rob and I will discuss and will advise.

Thanks.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

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Begin forwarded message:

From: Bosco Chan <bosco.chan@livesolar.ca>
Date: April 23, 2018 at 5:57:59 PM EDT
To: "Paul (Maxion)" <pmichelin@maxion.ca>
Subject: Mortgage Commitment

Hello Paul

Please find attached mortgage commitment. As discussed, we negotiated down 2% of the interest rate from 12%.

Mr. Ma, which a very close friend of mine, also relative to Rick Liu, would like a referral fee of 2-2.5% on the side upon closing with a side agreement signed between you and him. He also has access to another private person has over \$5M funds available, upon closing, he will approach him and see if we can do a second mortgage to bring the project up to date.

We would also need the following

- Update appraisal if possible
- Updated Construction Schedule and Occupancy timeline
- Current first mortgage info.

Best regards.

Bosco Chan
Managing Director

Direct-line: 647-725-3358 ext.700
Mobile: 613-878-0060



MORTGAGE COMMITMENT

Project name: The Uptown Inc.

Lexington and Davenport, Waterloo, ON

**Re: \$8,800,000 First Mortgage, secured by The Uptown, Lexington and Davenport, Waterloo, ON,
(collectively the "Property")**

This is a Letter of Interest (the "LOI") from Rick Liu ("Lender") to provide you with a first mortgage for the above referenced Property on the following terms and conditions.

Lender:	Rick Liu
Amount and Nature and Purpose of Loan:	\$8,800,000 to assist in the acquisition of the Property, to fund transaction costs;
Borrower:	Project Uptown Inc. Lexington and Davenport, Waterloo, ON
Registered Land Owner:	Deem Management Services Ltd
Land Size:	4.98 Acres
Land Value:	<p>LAND "AS IS" APPRAISAL AT \$12.7M Date of Appraisal is Feb 27, 2017 By Colliers</p> <p>Zoned to Permit Living for Up to 899 Seniors</p> <p>Phase 1: 190 Units, 95 Rental Apartment + 95 Retirement Assisted Living Homes Suites</p> <p>Zoning in Place for All Phases, Site Plan Approval in Place, Record of Site Condition Received.</p> <p>Full Building Permit Received for Phase 1</p> <p>Phase 1 Commenced Construction July 2017(\$8M has been spent in the construction already)</p> <p>Phase 1 Excavation 95% Completed</p> <p>Phase 1 Footings and Foundations Commencing on March 2018</p>

- Guarantors:**
1. Rob Dal Bianco
 2. The Uptown Inc.
 3. Paul Michelin
 4. The Maxion Group Inc.
 5. Deem management Services Ltd
- Security:**
1. 1st Mortgage on all lands,
 2. General Security Agreement with the uptown Inc.
 3. Pledge shares
 4. Personal and Corporate Guarantee
 5. Assignment of all contracts
 6. Postponement and Standstill agreement for existing Equity Lenders

TERMS:

- Property Address:** Lexington and Davenport, Waterloo, ON
- Principle:** \$8,800,000.00
- Interest Rate:** 10.00%
- Payment:** Monthly or Quarterly at Lender's sole discretion
- Broker Fee:** 3%
- Term:** 12 months, first 6 months close, remaining 6 months open, extension 3 months
- Extension fee:** 0.83% per extension period
- NSF:** \$250.00 per cheque returned NSF or stop payment

CONDITIONS:

1. Interest only and the term of the mortgage is 12 months.
2. The lender is free to assign this commitment to another lender or lender(s) without consent of the borrower or any other party.
3. On closing this mortgage shall be registered on the property of .

4. The Mortgage will become due and payable at the end of the term on April 28th, 2019.
5. The mortgagor shall provide the mortgagee with 6 postdated cheques as required by the lender. The last month interest payment will be added to the final balance due. There will be a charge of \$250.00 for every cheque that is returned for reason NOT SUFFICIENT FUNDS (NSF).
6. If the Lender takes possession of Property(ies) upon default of the mortgage, an additional monthly management fees equaling Five Percent (5%) of the loan/mortgage amount will be charged to the Borrower(s)/Guarantor(s).
7. The mortgagor shall not permit any further mortgages, charges, or encumbrances of any nature to be registered against the property without the prior written consent of the Charges, and breach of this covenant will constitute default.
8. Borrower shall add the mortgagee as beneficiary on the Borrowers Insurance Policy with guaranteed replacement value and/or approved by lender's solicitor. Title insurance will be obtained before the disbursements of the funds at Borrower's expense.
9. Borrower to provide proof that property taxes are up to date. In the event of any arrears, the mortgage funds are to be used to bring property taxes up to date, and the remaining balance will be funded to the borrower or as otherwise directed.
10. Lender's Solicitor legal fee, costs and expenses related to the transaction are to be paid by the borrower and deducted from mortgage advance or payout.
11. Provided there has never been any default under the mortgage, the Borrower(s) may have the privilege to pay out the balance in full at any time after first six months' close term period without penalty. In the event of default, the borrower shall pay for lender an amount equal to the greater of 1) six months interest, or 2) the full amount of any reasonable cost, loss, expense, or penalty incurred or suffered by the Lender.
12. Lender has right to withdraw the commitment at any time prior to advance in its sole discretion, if the information provided by borrower or any guarantor is incorrect or unsatisfactory to the lender, or if borrowers were in default in any existing mortgages.
13. Mortgage is non-assumable and non-portable.
14. The Borrower's solicitor to provide required documents, searches, and opinion as deemed necessary by Lender's solicitor in his sole discretion.
15. This commitment may be executed in several counterparts, each of which, once executed, shall be constitute one and the same instrument. Execution and delivery of an executed copy of this commitment by facsimile or email shall be sufficient to bind such party.
16. Net proceeds to be made payable to Owner of Property/Borrower as provided in Lender's Title Insurance Policy. Funds shall be re-directed by Borrower's Lawyer and Lender's Lawyer shall send funds accordingly. In Lender's lawyer's sole discretion, funds may be directly provided to borrower's solicitor's trust account with undertaking.
17. The lander have a right to preferred acquisition this project (The Uptown).

Borrowers hereby accept the commitment and confirm their agreement with all the terms & conditions hereof, having either obtained legal advice independent of the Lender or having been

satisfied that legal advice is not required. This Commitment is voidable at the option of the Lender if not accepted in accordance with its terms. The Borrowers acknowledged that the Lender's Fee will be deemed to be earned upon execution of this Mortgage Commitment by the Borrowers and borrower will pay as per direction the broker fee if any as agreed, even if the Borrower's subsequently cancel the mortgage prior to advance and registration. **Before acceptance of the Commitment you are strongly advised to obtain legal advice.**

ACCEPTED at _____ this _____ day of _____ 2018

BORROWERS

LENDER

APPENDIX "CC"

Rob Dal Bianco
Maxion Group
1000
PWA
ATTACHED

----- Forwarded message -----

From: Paul (Maxion) <pmichelin@maxion.ca>
Date: Fri, May 11, 2018 at 10:46 AM
Subject: Fwd: Attached Image
To: Rob Dal Bianco <rdalbianco@maxion.ca>

Good morning Rob.

As discussed attached are PWC engagement and terms sheets. The engagement is exclusive to parties that they bring to the table. Which noted in their scope of services Phase 1. "2 or 3 potential investors " not everyone or anyone.

Ronald/PWC is an excellent choice as he is well respected in the PWC world and to clients, has full understanding of the Uptown opportunity, relationships and the compromised petition that we face. He met us booth during his accounting review for Lulu

He should be able to introduce to us the right fit partner.

I have signed please do same so he can organize the meeting that we have discussed together with an investor.

Paul Michelin
Founder & CEO
pmichelin@maxion.ca

610 Applewood Crescent, Suite 502
Vaughan, On, L4K 0E3

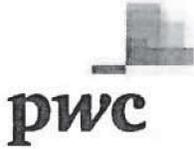
Telephone (416) 238-7818 Ext. 212
themaxiongroup.ca

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Begin forwarded message:

From: "Barrie Office" <fax@ontariofoxcorp.com>
Date: May 11, 2018 at 10:25:09 AM EDT

To: "PAUL" <pmichelin@maxion.ca>
Subject: Attached Image



May 10, 2018

Mr. Paul Michelin
 Founder & CEO
 The Maxion Group Inc.
 610 Applewood Crescent, Suite 502
 Vaughan, ON L4K 0E2

Mr. Rob Dal Bianco
 President & CEO
 Deem Management Services Limited
 209 Lexington Road, Unit F2
 Waterloo, ON M2K 2E1

Dear Mr. Michelin and Mr. Dal Bianco,

Subject: The Uptown

PricewaterhouseCoopers Real Estate Inc. ("PwC") is pleased to provide this Engagement Letter to the Maxion Group ("Maxion") and Deem Management Services Limited ("DMSL") (together referred to as "M/D" or "you") in connection with transaction advisory services relating to its Uptown Project (the "Uptown" or the "Project").

The purpose of this Engagement Letter, together with the Terms of Business attached hereto, is to confirm our understanding of the terms of our engagement. Unless otherwise defined hereinafter, capitalized terms used herein shall have the meaning ascribed to them in the attached Terms of Business.

Our Understanding of the Current Situation

DMSL is the registered land owner of a 4.98 acre property located at 215-229 Lexington Road in Waterloo Ontario. Together with Maxion, who is serving as overall project manager, M/D are constructing the Uptown, a ±500 unit senior's residence. Per information provided by Maxion, the Uptown is to be constructed in three phases with the first phase comprising 95 rental apartments and 95 assisted living home suites. Future phases are to include 140 enhanced assisted living and memory care beds (Phase 2) and 173 retirement rental home suites (Phase 3).

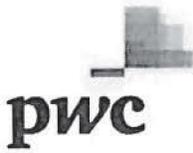
Based on our recent conversations, we understand that Maxion is interested in finding an equity partner who would contribute approximately \$30.0 million for an approximate 50% interest in the Project. We further understand that M/D may consider selling their interest in the Project to a third party.

As discussed, M/D have agreed to retain PwC to assist in presenting this opportunity to prospective parties who may be interested in (a) contributing the requested equity, or (b) acquiring 100% of M/D's interest in the Project (referred to hereafter as the "Transaction").

Scope of our Services

Our scope of work will be allocated within two distinct phases, as follows.

*PricewaterhouseCoopers Real Estate Inc.
 PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
 T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca*



Phase 1

In completing this phase, PwC will undertake the following scope of work:

- Review background materials prepared by you in describing the Project;
- Identify and hold preliminary discussions with two to three potential investors / purchasers (the "Introduced Investors");
- Depending on the outcomes of those discussions, follow-up with you to obtain additional information and / or direction, as required;
- On a weekly basis, provide verbal updates on the status of discussions; and
- Participate in initial discussions between Introduced Investors and M/D.

Should discussions with any of the Introduced Investors not proceed beyond initial discussions, M/D agrees that PwC will not have additional obligations under this Engagement Letter.

Phase 2

Should discussions with any Introduced Investor proceed beyond initial discussions (including, but not limited to, Project information being exchanged with an Introduced Investor, a formal or informal expression to purchase / invest being made, a non-disclosure agreement being signed, etc., together referred to as "More Detailed Discussions"), M/D further agrees to retain PwC as M/D's exclusive Transaction Advisor to provide Transaction closing due diligence services. Such services may include:

- Assist in strategy and tactic development for negotiations;
- Obtain non-binding letters of intent;
- Assist in the pricing, form and structure of the transaction;
- Assist in the negotiation of a definitive Agreement of Purchase & Sale or equity contribution to the Project;
- Manage and requests for clarification, information requests and respond to any inquiries, as required; and
- Assist in resolving issues in moving the process to a successful closing.

Timetable

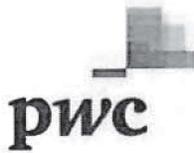
We will use all reasonable efforts to complete our work in a prompt fashion. We will report back to you on a bi-weekly basis.

Staffing

Ronald Bidulka, Vice President, will provide overall strategic direction of the project. Braiden Goodchild, Broker of Record, will be in charge of overall day-to-day project management. Ron and Braiden will be assisted by other professionals in PwC's National Real Estate Advisory practice.

Wesley Mark, President of PricewaterhouseCoopers Real Estate Inc., will help oversee the delivery of services, including quality review of any deliverables produced.

A handwritten signature in dark ink, appearing to be a stylized name, located in the bottom right corner of the page.



Professional Fees

Phase 1

If discussions do not proceed to More Detailed Discussions, a work fee will not be payable.

Phase 2

Work Fee:

Should any discussions proceed to More Detailed Discussions, M/D further agree to pay PwC a work fee not to exceed \$15,000 per month based on actual time incurred in that month (the "Work Fee"), with this amount to be credited against any success fee paid to PwC upon closing of a Transaction.

Success Fee:

PwC's will be paid a success fee upon the closing of a Transaction. PwC's success fee will be as follows:

Equity Raise

- 3.00% on any amount raised up to \$15.0 million; plus
- 2.75% on any amount raised over \$15.0 million

Sale of the Project

- 3.00% of the total consideration paid up to \$15.0 million; plus
- 2.75% of the total consideration paid in excess \$15.0 million

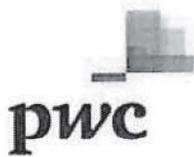
The payment of such fees will be due immediately out of closing proceeds from the Transaction paid to M/D.

The payment of the above fees is provided that a Transaction with an Introduced Investor (or an affiliate or related party thereof) is made or committed to during the period commencing on the date of acceptance of this Engagement Letter and ending on the earlier of (i) twelve months therefrom, and (ii) the date of termination of this Engagement Letter, by either party (the "Term"). The Term will also include a twelve month holdover period immediately following the Term. Upon the termination or expiry of this engagement, PwC shall prepare a list of Introduced Investors, and deliver it to M/D.

The engagement shall renew automatically for succeeding two-month periods unless terminated in writing by either party hereto. The M/D may terminate the engagement on fifteen days' notice in writing to PwC and by paying any then outstanding invoices from PwC plus any reasonable fees and expenses accrued by PwC but not yet invoiced including the Work Fee(s).

In addition to the fees outlined above, we shall bill for all reasonable expenses. Direct costs, including but not limited to travel, meals and accommodation, will be charged as incurred. A technology and administrative support fee of 5% of professional fees (plus applicable taxes) will also be charged to cover our hardware and software information technology infrastructure costs as well as costs such as telecommunications including cellular, technical reference material, courier, photocopying and other client support services.

In addition to our fees, expenses and other charges payable pursuant to this engagement, we shall bill for all applicable taxes.



All fees quoted herein are in Canadian dollars.

Exclusivity

You agree that PwC shall act as your exclusive Transaction advisor in connection with Introduced Investors to the Project. You agree that neither M/D, management, affiliates, nor other advisors will initiate any discussions regarding the Project with Introduced Investors, including their affiliates, without first notifying PricewaterhouseCoopers Real Estate Inc. In the event you or your management receives an inquiry from an Introduced Investor concerning the Project, you shall promptly inform us of such party and its interest in order that PricewaterhouseCoopers Real Estate Inc. can effectively render the Services provided for in this agreement.

Advocacy and Independence

PwC will not have any executory authority on your behalf and you are responsible for making all decisions. Where PwC is to be involved in meetings related to commercial negotiations, you are responsible for finalizing your negotiating position.

M/D responsibilities

It is understood that it is your responsibility to (1) designate a management level individual or individuals to be responsible for overseeing the services being provided, (2) evaluate the adequacy of the services performed and any findings that result, and (3) make all management decisions and perform all management functions, including accepting responsibility for the results of our services.

Terms of Business

The Terms of Business attached hereto are an integral part of this agreement. This Engagement Letter should be read in conjunction with the Terms of Business. In the event of conflict or inconsistency between the terms of business set forth in this Engagement Letter and the Terms of Business, the terms of business in this Engagement Letter shall take precedence.

Governing Law and Jurisdiction

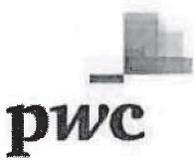
This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Acknowledgement and Acceptance

If the services outlined herein are in accordance with your requirements and if the above terms are acceptable to you, please have one copy of this letter signed in the space provided below.

* * *

A handwritten signature in dark ink, appearing to be a stylized name, located in the bottom right corner of the page.



Thank you for the opportunity to provide our services to you and we appreciate your confidence in us. If you have any questions, please contact Ron Bidulka at 416-687-8138 (email: ronald.p.bidulka@pwc.com).

Yours very truly,

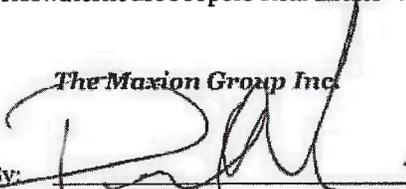
Ronald Bidulka
Vice President

Confirmation of Terms of Engagement

Having read both the Engagement Letter and the Terms of Business attached thereto, we agree to engage PricewaterhouseCoopers Real Estate Inc. upon the terms set out therein.

The Maxion Group Inc.

Deem Management Services Limited

By: 

(Signature of Authorized Signing Officer)

(Signature of Authorized Signing Officer)

Paul MICHELIN
Founder & CEO

(Name & Title)

(Name & Title)

MAY 11 2018

(Date)

(Date)

Terms of Business

1	Introduction
2	PwC firms, service providers and subcontractors
3	Your responsibilities
4	Information protection
5	Working papers
6	Liability
7	Termination
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9	Procedures for accepting a new client
10	Governing law
11	General

1 Introduction

- 1.1 **Interpretation** – In this agreement, the following words and expressions have the meaning given to them below:
- **agreement** – these terms and the engagement letter to which they relate (including any schedules).
 - **deliverables** – the deliverables as set out in the engagement letter.
 - **portfolio** – the portfolio as set out in the engagement letter.
 - **PwC, we, us or our** – refer to PricewaterhouseCoopers Real Estate Inc.
 - **services** – the services as set out in the engagement letter.
 - **subject property** – the property as set out in the engagement letter.
 - **you, your** – the party or parties, including their management, to the agreement (excluding us).
- 1.2 **Changes** – Either we or you may request a change to the services, deliverables or this agreement. Any change will be effective only when agreed in writing.
- 1.3 **Services/deliverables** – We are providing the services and/or deliverables solely for your use and benefit for the purpose set out in the engagement letter or relevant deliverable. Unless otherwise provided in this agreement or as required by law, you shall not disclose a deliverable or its contents to anyone else or make the benefit of the services available to anyone else or authorize any other party to rely upon a deliverable or our services.
- 1.4 **Nature of the Services** – Unless specifically noted in the engagement letter, we are not providing a formal tax opinion or a formal accounting opinion as set forth in CPA Canada Handbook – Assurance – Section 7600, Reports on the Application of Accounting Principles, Auditing Standards or Review Standards. We are also not providing legal advice or interpretation and if the engagement letter provides for the interpretation of tax law, our advice is based on our understanding of that tax law at the time services are performed and we do not have any responsibility for changes in the law or interpretation occurring after that time. We do not: (i) provide any assurance as to matters regarding the company's solvency, adequacy of capital or ability to pay its debts; (ii) provide any management functions or making management

decisions for you or the company; or (iii) design our work to reveal fraud or misrepresentation by the management of the company or any other person.

2 PwC firms, service providers and subcontractors

- 2.1 **Our relationship with you** – We are a member of the global network of PricewaterhouseCoopers firms ("PwC firms"), each of which is a separate and distinct legal entity.
- 2.2 **Subcontractors and service providers** – We may use other PwC firms, service providers and subcontractors to provide the services and support service delivery. For administrative purposes, services provided by other PwC firms, service providers and subcontractors as well as services provided outside of Canada may be invoiced separately. We remain solely responsible for the services and deliverables.
- 2.3 **Restriction on claims** – You agree that claims or actions relating to the services, deliverables and this agreement shall be brought against us alone, and not against (i) any individual, (ii) another PwC firm (or its partners, members, directors or employees), or (iii) our subcontractors.
- 2.4 **Group members** – You will ensure that no subsidiary, affiliate, associated entity or holding company (unless a party to the agreement) brings any claim or action against us.
- ## 3 Your responsibilities
- 3.1 **Your obligations** – The performance of our services and provision of the deliverables depend on you performing your obligations under the agreement. We are not responsible for any consequences arising from you not fulfilling your obligations.
- 3.2 **Solicitation and hiring of PwC personnel** - For the duration of this agreement, and for 12 months after its termination or completion, you will not directly or indirectly solicit or hire any PwC partner or employee who has taken part in the performance of the services without our prior written consent. This clause will not apply to someone you hire through an advertisement in the public domain.
- 3.3 **Information** – In order for us to advise you properly, you will make sure that (i) any information given to us by you, or anyone else working with or for you, is (a) given promptly, (b) accurate and (c) complete; and (ii) any assumptions are appropriate. We will not verify any information given to us relating to the services. Any deliverables issued or advice provided by us may be based on information provided by the company and on the company's behalf. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the company and on the company's behalf.
- 3.4 **Oral advice and draft deliverables** – You may rely on our final written deliverables, but should not rely on oral advice or draft deliverables provided during the term of this agreement. If you wish to rely on something we have said to you, please let us know and, if practical we will prepare a written deliverable on which you may rely.

Terms of Business

- 3.5 **Provision of legal counsel** – With your prior approval, if we require legal advice, we will consult your legal counsel or retain independent legal counsel who are reasonably satisfactory to you and in either case you will be responsible for the legal fees and disbursements.

4 Information protection

- 4.1 **Confidential information** – Confidential Information means information or documents we receive or produce and which are marked confidential or are manifestly confidential, but does not include information which:

- a) Is or becomes generally available to the public other than as a result of a breach of an obligation under this clause; or
- b) Is known to the receiving party prior to disclosure hereunder; or
- c) Is received from a third party who owes no obligation or confidence in respect of the information.

We and you will use the other's confidential information only in relation to the services or for internal and administrative purposes, and the receiving party will not disclose confidential information except where required by law, professional obligation or as otherwise outlined in the engagement letter. You agree that we may give confidential information to third party service providers, subcontractors and other PwC firms as long as they are bound by reasonable confidentiality obligations.

- 4.2 **Tax structures & confidentiality** – Notwithstanding anything to the contrary in this agreement, you have no obligation of confidentiality with respect to any portion of any materials, advice or deliverables to the extent they concern the tax structure or tax treatment of any transaction.
- 4.3 **Personal information** – We may collect, use, disclose, transfer, store or otherwise process information about identified individuals ("**personal information**") as required to provide the services and deliverables. We may process such personal information in various jurisdictions in which we or applicable PwC firms, service providers and subcontractors operate, and, as such, personal information may be subject to the laws of such jurisdictions. Such personal information will be at all times processed in accordance with the applicable laws and professional regulation. In addition, we will require any service providers that process personal information on our behalf to adhere to such requirements. You confirm that you have the authority to provide the personal information to us in connection with the performance of services and that the personal information provided to us has been provided in accordance with applicable law.
- 4.4 **Restricted data** – As certain jurisdictions have strict laws around exporting restricted classes of data, you agree to advise us in writing immediately if any software, information, or other materials that may be disclosed to, or accessed by us in performing the services is subject to export control restrictions under applicable law.
- 4.5 **Benchmarking and analytics** – From time to time we may offer our clients, like you, benchmarking or analytics services by comparing client information to aggregated and

anonymized data sets. You agree that we may anonymize and aggregate information you disclose to us or that we develop during the term of this agreement (collectively, "**exempt information**"). We confirm exempt information will be anonymized and aggregated so as to prevent anyone from identifying or reverse engineering any of your information. Exempt information is excluded from the definition of confidential or personal information hereunder. For greater certainty, you acknowledge we are permitted to use or disclose exempt information without restriction.

- 4.6 **Referring to you and the services** – We may wish to refer to you and the services we have performed for you when marketing our services. You agree that we may do so, as long as we do not disclose your confidential information.

- 4.7 **Working with competitors** – You agree that we may work with your competitors or other parties whose interests may conflict with yours, as long as we do not disclose your confidential information and we comply with our ethical obligations.

- 4.8 **Information request** – If we receive a request from a third party (including a demand from a government agency or a regulatory authority, subpoena or summons) for information, we will promptly notify you, where not prohibited by law or other authority.

- 4.9 **Reimbursement of costs incurred** – You agree to reimburse us for our professional time and expenses, as well as reasonable fees and expenses of our legal counsel, incurred by us in responding to any investigation that is requested or authorized by you, or an investigation of you required by government regulation, subpoena or other legal process.

- 4.10 **Anti-money laundering** – We are subject to anti-money laundering and anti-terrorist financing obligations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the regulations made thereunder and the *Criminal Code* (Canada). Under certain circumstances, PwC is legally required to submit reports to the Financial Transactions and Reports Analysis Centre of Canada, the Royal Canadian Mounted Police and/or the Canadian Security Intelligence Service. PwC may submit such reports notwithstanding any confidentiality obligations.

5 Working papers

- 5.1 **Ownership** – Any documents prepared by us or for us in connection with this agreement belong to us.

- 5.2 **Intellectual property** – Subject to the restrictions on disclosure and reliance contained in this agreement, you will own all intellectual property contained in the deliverables except as follows: we retain ownership of our working papers, pre-existing materials and any general skills, know-how, processes, or other intellectual property (including a non-client specific version of any deliverables) which we may have discovered or created as a result of the services. You have a non-exclusive, non-transferable license to use such materials included in the deliverables for your own internal use as part of such deliverables.

Terms of Business

6 Liability

- 6.1 **Limitations on liability** - Except to the extent finally determined to have resulted from our gross negligence or intentional misconduct, our aggregate liability for all claims, losses, liabilities or damages in connection with this agreement or the services, whether as a result of breach of contract, tort (including negligence) or otherwise, regardless of the theory of liability asserted, is limited to no more than the total amount of fees paid to us for the particular service giving rise to the liability under this agreement, and we shall only be liable for our proportionate share of any loss or damage, based on our contribution relative to the others' contributions. In addition, we will not be liable in any event for lost profits, consequential, indirect, punitive, exemplary or special damages. Also, we shall have no liability arising from or relating to any third party hardware, software, information or materials selected or supplied by you. In no event shall we be liable to you or any third party for any claim, liability, loss, damage, cost or expense attributable to any act, omission or misrepresentation by you, your affiliates or your respective personnel.
- 6.2 **Improper disclosure** - If you disclose the deliverables or findings of our work to a third party without (i) prior written consent from us, or (ii) a legal or regulatory obligation to disclose, you agree to indemnify and hold us and our personnel harmless from and against any and all third party claims, losses, liabilities and damages arising from or relating to such disclosure, except to the extent finally determined to have resulted from our gross negligence or intentional misconduct relating to such services and/or deliverables.
- 6.3 **Unlimited liability** - Nothing in the agreement will limit a person's liability for (i) death or personal injury by that person's negligence, (ii) that person's fraud or (iii) anything else that cannot by law be limited.
- 6.4 **Liability in Quebec** - Any of our personnel who are members of the Ordre des comptables professionnels agréés du Québec and perform services in Quebec assume full liability arising from the practice of their profession. The limitations of liability in this agreement shall not apply to limit the liability of such individuals, and such limitations shall be deemed to not be included in this agreement.

7 Termination

- 7.1 **By either party** - Either party may terminate this agreement, for any reason, upon written notice to the other party. We will not be liable for any loss, cost or expense arising from such termination.
- 7.2 **Fees payable on termination** - You agree to pay us for all services we perform and deliverables we provide up to the date of termination, including services performed, work-in-progress and expenses incurred.
- 7.3 **Success fees** - You shall pay us the full amount of a success fee, contingency fee or similar performance-based fee if: (i) this agreement is terminated by either us or you or expires, (ii) the engagement letter provides that you will pay us such fee upon successful completion of the services

or deliverables, (iii) a transaction contemplated by the services or deliverables is completed with a third party within two years of the termination or expiration of the agreement and (iv) either (a) we introduced the third party to you, (b) the third party was the subject of any advice or assistance provided by us to you, or (c) the third party was engaged in any discussion with you during the term of the agreement. Such fee shall be based on the consideration of such transaction as outlined in the engagement letter. This obligation is in addition to any other obligation to pay or reimburse us under this agreement.

8 Certain legislation

- 8.1 **No opinion** - We provide no opinion or other form of assurance with respect to the company's compliance with the Canadian or US securities regulations, or any other international regulatory requirements, your procedures or whether the company's procedures are sufficient for your purposes.

9 Procedures for accepting a new client

- 9.1 **Identification and verification** - In connection with U.S. terrorism and money laundering laws, we are required to obtain and record information to verify the identity of each person with whom we conduct securities business.

10 Governing law

- 10.1 **Law and jurisdiction** - The agreement and any dispute arising from it, whether contractual or non-contractual, will be governed by the laws of the province set out in the engagement letter and the federal laws of Canada applicable therein and are subject to the exclusive jurisdiction of the courts of the province set out in the engagement letter.
- 10.2 **U.S. clients** - If you or the company are U.S. entities, this section applies. We are owned by professionals who hold Chartered Professional Accountants of Canada (CPA) licenses. Some, but not all partners are also licensed Certified Public Accountants in the United States (U.S. CPAs). Depending on the nature of the services we provide, non-U.S. CPA holders may be involved in providing services to you.

11 General

- 11.1 **Matters beyond reasonable control** - No party will be liable (other than payment obligations) to the other if it fails to meet its obligations due to matters beyond its reasonable control.
- 11.2 **Payment of fees** - If we do not receive payment within 30 days of any invoice date, we will be entitled to charge you interest accruing on the amount owed to us at the annual interest rate of 15%, and, after 45 days of the invoice date, to suspend all work until the amount owed is paid in full. If you disagree with us or question any amount due under an invoice that we submit, you will communicate such disagreement to us, in writing, within 30 days of the invoice date. Any claim not made within that period will be deemed to be waived.
- 11.3 **Entire agreement** - The agreement, once executed by both parties, forms the entire agreement between the

Terms of Business

parties in relation to the services and deliverables. It replaces any earlier agreements, representations or discussions, including non-disclosure agreements entered into in advance of this agreement.

- 11.4 **Your actions** – Where you consist of more than one party, an act or omission of one party will be regarded as an act or omission of all.
- 11.5 **Assignment** – Without written consent, neither of us may assign any of our rights, obligations or claims under this agreement.
- 11.6 **Survival** – Any clause that is meant to continue to apply after termination of this agreement will do so.
- 11.7 **Severability** – If a court or regulator with proper jurisdiction determines that a provision of this agreement is invalid, then that provision will be interpreted in a way that is valid under applicable law or regulation. If any provision is invalid, the rest of this agreement will remain effective.

APPENDIX “DD”



dedicated to your success

RODNEY A. IKEDA
Direct Dial 416-597-3389
Email ikeda@gsnh.com
Our File No.: 100398.0002

February 8, 2019

SENT VIA EMAIL AND REGULAR MAIL

Crowe Soberman Inc.
2 St Clair Ave East
Suite 1100,
Toronto, Ontario
M4T 2T5

Attention: Hans Rizarri

Dear Mr. Rizarri:

Re: Crowe Soberman Inc. as receiver (the "Receiver") of the lands and premises described below, and all other property, assets and undertakings of Deem Management Services Limited ("Debtor") related thereto and the property, assets and undertakings of The Uptown Inc., ("Uptown")

Introduction and Scope of Review

You have requested our opinion concerning certain security over real property granted by the Debtor. The Debtor is the owner of, among other things, lands described as Part of Block A, Plan 1313, being PARTS 1, 4, 5 on Plan 58R-6774 and PART 3 on Plan 58R-2194, subject to an easement in gross over PART 1 on Plan 58R-17857, as in Instrument No. WR853469, in the City of Waterloo, Ontario, in Land Registry Office for the Land Titles Division of Waterloo No. 58 (the "Land Titles Office"), (the "Premises").

The specific security (the "Security Documents") for which we are to opine have been granted to Donald Dal Bianco (the "Lender"), as follows:

1. Instrument No. WR1099051, a Charge registered 23 February 2018, securing the principal sum of \$7,978,753.45 (the "Charge"), to which is attached a Loan Agreement dated February 14th, 2018 and expressed to be effective as of the 1st day of April, 2012 (the "Loan Agreement").

We have reviewed the Security Documents to determine their validity and enforceability against the Debtor, but ***we express no opinion as to their priority to such liens, charges, mortgages and other security documents registered in the Land Titles Office against title to the Premises.***

Opinion

Subject to the assumptions and qualifications noted in this letter, we are of the opinion that:

1. As at August 31, 2018, immediately before the registration of the Vesting Order as Instrument No. WR1136285, the Charge has been duly registered under the Land Titles Act and is valid and enforceable against the Receiver to the extent of all monies advanced thereunder by the Lender, and to the extent that the Loan Agreement and the Charge do not constitute a fraudulent conveyance within the meaning of the **Fraudulent Conveyances Act**, R.S.O. 1990, Chapter F.29, or an unjust preference within the meaning of the **Assignments and Preferences Act**, R.S.O. 1990, Chapter A.33.

Caveat

The Charge was registered on February 23, 2018. Attached as a Schedule to the Charge is a Loan Agreement "dated the 14th day of February with an effective date of the 1st day of April, 2012". Our observations regarding the Loan Agreement and the Charge are as follows:

1. The Loan Agreement and registration of the Charge appear to have been prepared to bolster advances made by the Lender before the date that the Loan Agreement was signed and the date that the Charge was registered. We do not know whether any fresh consideration passed between the parties, or whether there was a valid forbearance agreement at the time of the Loan Agreement and registration of the Charge. If no fresh consideration passed between the parties, then the Loan Agreement and the Charge might be invalid and unenforceable.
2. Advances under the Loan Agreement made before the registration of the Charge might not enjoy a priority over construction liens registered on title. Specifically, cases have held that a mortgage to secure pre-existing advances, even given by the owner of the property under improvement, will not qualify either as a prior mortgage or a subsequent mortgage for priority, as the courts have held that the money secured under these mortgages will not be deemed to be an "advance" for the purposes of Section 78 of the **Construction Lien Act**. Simply put, any pre-existing debt at the date of the mortgage registration may lose priority to a construction lien. It is possible, however, that such moneys might enjoy a priority over subsequently registered charges and over unsecured creditors.

Assumptions and Qualifications

The following are the assumptions and qualifications in connection with this opinion:

1. We are qualified to render opinions only as to the laws of the Province of Ontario, including relevant Federal laws of Canada, and accordingly we express no opinion as to the laws of any other jurisdiction. Our opinions are not to be taken as relating to any property or assets while the same are located outside the Province of Ontario, or

as to the validity of any of the security documents insofar as they relate to any such property.

2. In rendering our opinion, we assume the following:
 - (a) All sums expressed to be owing under the Security Documents were duly advanced by the Lender to the Debtor.
 - (b) The genuineness of all signatures on all documents examined by us, the authenticity of all documents submitted to us, the legal capacity of natural persons and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photocopy versions and the truth of the factual statements contained in all documents submitted to us;
 - (c) The accuracy and currency of the indices and filing systems maintained in the public offices where we have searched or inquired;
 - (d) The due execution, authorization and delivery, pursuant to and under strict capacity and authorization, of the security documentation referred to in this letter by all parties and that as of the date of this opinion no steps or actions have been taken to revoke, rescind or modify any such authorizations;
 - (e) The Debtor and the Lender acted at arm's length;
 - (f) Fresh consideration was exchanged between the Debtor and the Lender for the delivery of the Charge;
 - (g) The registration of the Charge is not a conveyance made with the intent to defeat, hinder, delay or defraud creditors or others of their just and lawful actions, suits, debts, accounts, damages, penalties or forfeitures; and
 - (h) The Debtor has no legal defence against any of its secured parties for, without limitation, absence of legal capacity, fraud, buyout to the knowledge of any secured parties, misrepresentation, undue influence or duress.
3. We express no opinion as to the enforceability of any provision that could be construed as a "penalty" as opposed to liquidated damages. If a contractual term requiring payment or specified performance in the event of breach or default is characterized as a "penalty" as opposed to liquidated damages, the same would not be enforceable upon public policy grounds. As the determination of this issue is subjective and factual in nature, we are unable to express an opinion as to same.
4. We express no opinion as to the enforceability of these provisions of the Security Documents that purport to allow the severance of invalid, illegal or unenforceable provisions or restrict their effect, however, the forgoing does not in any way limit our opinion with respect to enforceability of any other provision of the security documentation.
5. All opinions with regard to the binding and enforceable nature of the obligations evidenced by any agreement or document, which are the subject of this letter, are subject to the following qualifications:

- (a) Enforcement of an agreement may be restricted by any laws affecting or limiting the right of creditors to enforce any remedies available to them;
 - (b) Enforcement of an agreement may be affected or limited by any collateral agreements or arrangements relating to them and entered among the parties of which we may not be aware;
 - (c) No opinion is given with respect to the availability of any particular remedy, equitable or otherwise. Without limiting the generality of that statement, no opinion is given to any particular provision of any of the agreements or documents noted in this letter and the enforceability of a party's obligations under those documents will be subject to the general principles of equity regarding whether such enforceability is considered as a matter of common law or equity;
 - (d) Enforcement of the Charge and the Loan Agreement may be limited if at the time the Charge was registered or the Loan Agreement was entered into, the Debtor was insolvent or unable to pay the its debts in full or when the person knows that he, she or it is on the eve of insolvency, with intent to defeat, hinder, delay or prejudice creditors;
 - (e) Enforcement of the Charge and the Loan Agreement may be limited if such a transaction with or for a creditor has the effect of giving that creditor a preference over the other creditors of the debtor or over any one or more of them;
 - (f) Enforcement of an agreement may be limited by any applicable bankruptcy, reorganization, or insolvency, moratorium, or other law, including the Bankruptcy and Insolvency Act (Canada) thereby affecting the enforcement of creditors' rights generally from time to time; and
 - (g) Since specific performance and injunctive relief are equitable remedies and may be only granted in the discretion of a Court of competent jurisdiction, such remedies may not be available where damages are considered adequate.
6. The Security Documents are only enforceable to the extent that monies have been advanced properly by secured parties and/or other obligations owed by the Debtor to the secured parties have been incurred, or fresh consideration has passed between the parties.
7. The opinions expressed in this letter are provided to and are for the sole use of Crowe Soberman Inc. in its capacity as Receiver and may not be used for any other purpose.

Yours very truly,

Goldman Sloan Nash & Haber LLP