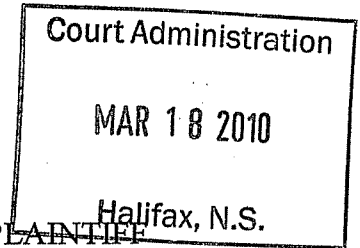


**SUPREME COURT OF NOVA SCOTIA**  
In Bankruptcy

**BETWEEN:**

**ADDENDA CAPITAL INC.**, a body corporate



- and -

**NOVA NEW ENGLAND LIMITED**, a body corporate, **JAMES BRENNAN** and **TERRANCE BRENNAN**

**DEFENDANTS**



**NOTICE OF ACTION**

**To:** Nova New England Limited

James Brennan

Terrance Brennan

**Action has been started against you**

The Plaintiff takes action against you.

The Plaintiff started the action by filing this notice with the Court on the date certified by the Prothonotary.

The Plaintiff claims the relief described in the attached Statement of Claim. The claim is based on the grounds stated in the Statement of Claim.

**Deadline for defending the action**

To defend the action, you or your counsel must file a notice of defence with the court no more than the following number of days after the day this notice of action is delivered to you:

- 15 days if delivery is made in Nova Scotia
- 30 days if delivery is made elsewhere in Canada
- 45 days if delivery is made anywhere else.

**Judgment against you if you do not defend**

The court may grant an order for the relief claimed without further notice, unless you file the notice of defence before the deadline.

**You may demand notice of steps in the action**

If you do not have a defence to the claim or you do not choose to defend it you may, if you wish to have further notice, file a demand for notice.

If you file a demand for notice, the plaintiff must notify you before obtaining an order for the relief claimed and, unless the court orders otherwise, you will be entitled to notice of each other step in the action.

**Rule 57 - Action for Damages Under \$100,000**

Civil Procedure Rule 57 limits pretrial and trial procedures in a defended action so it will be more economical. The Rule applies if the plaintiff states the action is within the Rule. Otherwise, the Rule does not apply, except as a possible basis for costs against the plaintiff.

This action is not within Rule 57.

**Filing and delivering documents**

Any documents you file with the Court must be filed at the office of the Prothonotary, The Law Courts, 1815 Upper Water Street, Halifax, Nova Scotia (telephone #(902) 424-4900).

When you file a document you must immediately deliver a copy of it to each other party entitled to notice, unless the document is part of an *ex parte* motion, the parties agree delivery is not required, or a judge orders it is not required.

**Contact information**

The Plaintiff designates the following address:

Maurice P. Chiasson, Q.C.  
Stewart McKelvey  
Barristers & Solicitors  
Suite 900 - Purdy's Wharf Tower One  
1959 Upper Water Street  
Halifax, NS B3J 3N2

Documents delivered to this address are considered received by the Plaintiff on delivery.

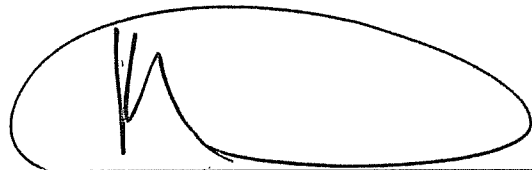
Further contact information is available from the Prothonotary.

**Proposed place of trial**

The Plaintiff proposes that, if you defend this action, the trial will be held in Halifax, Nova Scotia.

**Signature**

Signed March 17<sup>th</sup>, 2010

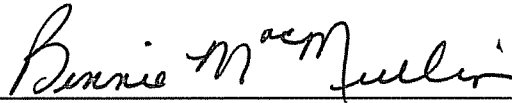


---

**MAURICE P. CHIASSON, Q.C.**  
Stewart McKelvey  
Barristers & Solicitors  
Suite 900 - Purdy's Wharf Tower One  
1959 Upper Water Street  
Halifax, NS B3J 3N2  
Telephone: 902.420.3200  
Facsimile: 902.420.1417  
**Counsel for the Plaintiff**  
**Addenda Capital Inc.**

**Prothonotary's Certificate**

I certify that this Notice of Action, including the attached Statement of Claim, was filed with the Court on March 18, 2010.



---

**PROTHONOTARY**

BONNIE MACMULLIN  
Deputy Prothonotary

**Statement of Claim**

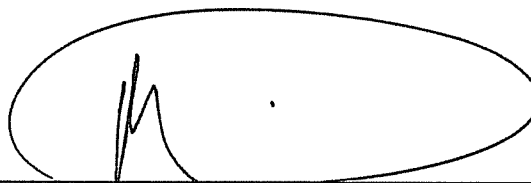
1. The Plaintiff, Addenda Capital Inc. (“**Addenda**”), is a mortgage lender specializing in commercial and industrial real estate, formed under the laws of Quebec by amalgamation.
2. The Defendant, Nova New England Limited (“**NNEL**”), is a body corporate, incorporated pursuant to the laws of Nova Scotia.
3. The Defendant, James Brennan, resides in the Province of Nova Scotia and at all material times was a Director and Shareholder of NNEL.
4. The Defendant, Terrance Brennan, resides in the Province of Nova Scotia and at all material times was a Director and Shareholder of NNEL.
5. Commencing on or about June 11, 2008, Co-operators Investment Counselling Limited (“**Co-operators**”) agreed to provide credit facilities to NNEL for the construction of residential condominium units and commercial rental units in connection with a property located at 66-70-72 Ochterloney Street, 41 Wentworth Street, Dartmouth, Nova Scotia (the “**Property**”).
6. In total, Co-operators loaned funds to NNEL in the amount of \$8,980,000, which was secured by, *inter alia*, a mortgage dated June 11, 2008 (the “**Mortgage**”).
7. In addition to the Mortgage, on or about June 11, 2008, NNEL executed in favour of Co-operators, *inter alia*, a general assignment of rents and other monies, an assignment of material documents and a security agreement as collateral security for the obligations of NNEL under the Mortgage (collectively, the “**Collateral Security**”).
8. The Mortgage contains personal guarantees from the defendants, James Brennan and Terrance Brennan, for the payment of the principal sum of \$8,980,000.
9. On or about August 19, 2008, Co-operators assigned the Mortgage and the Collateral Security to Addenda pursuant to the terms of an assignment of security.
10. On or about November 26, 2009, NNEL and Addenda entered into a mortgage amending agreement (the “**Mortgage Amending Agreement**”) pursuant to which the principal amount under the Mortgage was increased to \$9,730,000. In addition, the commitment expiry and repayment date of the loan in full was amended from October 1, 2009 to January 29, 2010.
11. As collateral security for its obligations under the Mortgage as amended by the Mortgage Amending Agreement, NNEL executed a security agreement in favour of Addenda dated November 26, 2009.

12. The Defendant, Terrance Brennan, provided a personal guarantee for the payment of principal sum plus interest pursuant to a guarantee and postponement of claim dated November 26, 2009.
13. The Defendant, James Brennan, provided a personal guarantee for the payment of principal sum plus interest pursuant to a guarantee and postponement of claim dated November 27, 2009.
14. NNEL defaulted on the Mortgage in relation to the repayment of the loans owing to Addenda, *inter alia*, as follows:
  - (a) The principal amount of the Mortgage has not been paid when due, that being on January 29, 2010; and
  - (b) Builders' liens have been filed against the Property and have not been removed within ten (10) days of the registration.
15. On or about February 8, 2010, Addenda made formal demand upon NNEL for payment in the amount of \$9,727,534.52, plus interest in the amount of \$266,165.56.
16. On or about February 8, 2010, Addenda made formal demands upon the Defendants, James Brennan and Terrance Brennan, under the terms of the personal guarantees, for payment in the amount of \$9,993,700.08, (including interest as of January 29, 2010).
17. On or about February 8, 2010, Addenda issued a Notice of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1992, c.27.
18. Notwithstanding the Plaintiff's formal demand to the Defendants for payment of the outstanding amounts owing to the Plaintiff, the Defendants have failed to make payment in full satisfaction of the Mortgage and \$9,727,534.52 remains owing to the Plaintiff as of March 2, 2010, plus interest.
19. The Plaintiff pleads that failure to provide full payment on demand of the loan constitutes a breach of contract by the Defendants.
20. The Plaintiff claims against the Defendants for the outstanding indebtedness owed to the Plaintiff in the amount of \$9,727,534.52 together with interest, from February 8, 2010 to payment or judgment with respect to the amounts due under the Mortgage.
21. The Plaintiff further claims against the Defendants costs incurred by it as a result of the Defendants' breach of the Mortgage, supporting security documents and the personal guarantees.
22. The Plaintiff further seeks an order appointing a receiver and manager, pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* to allow the receiver to, *inter alia*, to complete the construction of the residential and commercial units on the Property and to register the condominium units under the *Condominium Act*, R.S.N.S., c. 85 and to proceed with the sale of the condominium units.

23. The Plaintiff further claims costs of this action against the Defendants and such other relief this Honourable Court deems just.

**Signature**

Signed March <sup>17<sup>th</sup></sup>, 2010.

A handwritten signature in black ink, consisting of a stylized 'M' and 'C', enclosed within a large, hand-drawn oval.

---

**MAURICE P. CHIASSON, Q.C.**  
Stewart McKelvey  
Barristers & Solicitors  
Suite 900 - Purdy's Wharf Tower One  
1959 Upper Water Street  
Halifax, NS B3J 3N2  
Telephone: 902.420.3200  
Facsimile: 902.420.1417  
**Solicitor for the Plaintiff,  
Addenda Capital Inc.**