

Bankruptcy Court File No: BK-25-03230607-0035  
Estate No.: 35-3230607

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY & INSOLVENCY)**

**B E T W E E N:**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT***  
**R.C.S. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE BANKRUPTCY OF SF SQUARE GP CORP.**  
**OF THE CITY OF GUELPH, IN THE PROVINCE OF ONTARIO**

**RESPONDING MOTION RECORD**

**CHAITONS LLP**  
5000 Yonge Street, 10th Floor  
Toronto, Ontario M2N 7E9

**Maya Poliak (LSO No. 54100A)**  
Tel: (416) 218-1161  
E-mail: [maya@chaitons.com](mailto:maya@chaitons.com)

**Lawyers for 1000931276 Ontario  
Inc.**

**TO: SERVICE LIST**

**SERVICE LIST**  
**(as at Feb 10, 2026)**

|   |   |
|---|---|
| <p><b>CHAITONS LLP</b><br/>5000 Yonge Street, 10<sup>th</sup> Floor<br/>Toronto, ON M2N 7E9</p> <p><b>Maya Poliak</b><br/>Tel: 416.218.1161<br/>Email: <a href="mailto:maya@chaitons.com">maya@chaitons.com</a></p> <p><b>Lawyers for 1000931276 Ontario Inc.</b></p>   | <p><b>RECONSTRUCT LLP</b><br/>80 Richmond Street West, Suite 1700<br/>Toronto ON, M5H 1T1</p> <p><b>Caitlin Fell</b><br/>Email: <a href="mailto:cfell@reconllp.com">cfell@reconllp.com</a><br/>Tel: 416.613.8282</p> <p><b>Jessica Wuthmann</b><br/>Email: <a href="mailto:jwuthmann@reconllp.com">jwuthmann@reconllp.com</a><br/>Tel: 416.613.8288</p> <p><b>Lawyers for the Bankruptcy Trustee</b></p>  |
| <p><b>BDO CANADA LIMITED</b><br/>20 Wellington East - Suite 500<br/>Toronto, Ontario M5E 1C5<br/>Tel: 416.865.0210<br/>Fax: 416.865.0904</p> <p><b>Clark Lonergan</b><br/>Email: <a href="mailto:clonergan@bdo.ca">clonergan@bdo.ca</a></p> <p><b>John Fritz</b><br/>Email: <a href="mailto:jfritz@bdo.ca">jfritz@bdo.ca</a></p> <p><b>Trustee for the Bankruptcy Trustee</b></p> | <p><b>ROUSSEAU MAZZUCA LLP</b><br/>65 Queen Street West, Suite 600<br/>Toronto, ON M5H 2M5</p> <p><b>Michael Mazzuca</b><br/>Email: <a href="mailto:michael@rousseaumazzuca.com">michael@rousseaumazzuca.com</a><br/>Tel: 416.304.9899<br/>Fax: 437.800.1453</p> <p><b>Stephen Kahn</b><br/>Email: <a href="mailto:stephen@rousseaumazzuca.com">stephen@rousseaumazzuca.com</a></p> <p><b>MANIS LAW</b><br/>Yonge Eglinton Centre<br/>2300 Yonge Street, Suite 1600<br/>Toronto, ON M4P 1E4</p> <p><b>Howard Manis</b><br/>Email: <a href="mailto:hmanis@manislaw.ca">hmanis@manislaw.ca</a><br/>Tel: 416.417.7257</p> <p><b>Lawyers for Level 3 Capital Management Inc., Andrew Long, Kent McDonell and 2796068 Ontario Inc.</b></p> |

|   |  |
|---|--|
| <p><b>THORNTON GROUT FINNIGAN LLP</b><br/>100 Wellington Street West, Suite 3200<br/>P.O. Box 329, Toronto-Dominion Centre<br/>Toronto, ON M5K 1K7</p> <p><b>Leanne Williams</b><br/>Email: <a href="mailto:LWilliams@tgf.ca">LWilliams@tgf.ca</a><br/>Tel: 416.304.0060</p> <p><b>Alexander Soutter</b><br/>Email: <a href="mailto:asoutter@tgf.ca">asoutter@tgf.ca</a><br/>Tel: 416-304-0595</p> <p><b>Shurabi Srikaruna</b><br/>Email: <a href="mailto:SSrikaruna@tgf.ca">SSrikaruna@tgf.ca</a></p> <p><b>Lawyers for Robson Carpenter LLP</b></p> | <p><b>LOOPSTRA NIXON LLP</b><br/>130 Adelaide St. West, Suite 2800<br/>Toronto, ON M5H 3P5</p> <p><b>Graham Phoenix</b><br/>Email: <a href="mailto:gphoenix@LN.law">gphoenix@LN.law</a><br/>Tel: 416.746.4710</p> <p><b>Shahrzad Hamraz</b><br/>Email: <a href="mailto:shamraz@LN.law">shamraz@LN.law</a></p> <p><b>Lawyers for Kessab Investments Inc. and<br/>554498 Ontario Inc. o/a Nature's Inn</b></p> |
| <p><b>MILLER THOMSON LLP</b><br/>Scotia Plaza<br/>40 King Street West, Suite 6600<br/>Toronto, ON M5H 3S1</p> <p><b>Craig Mills</b><br/>Email: <a href="mailto:cmills@millერთhompson.com">cmills@millერთhompson.com</a><br/>Tel: 416.595.8596</p>   | <p><b>OFFICE OF THE SUPERINTENDENT OF<br/>BANKRUPTCY OF CANADA</b><br/>Innovation, Science and Economic<br/>Development Canada<br/>151 Yonge Street, Suite 400<br/>Toronto, ON M5C 2W7</p> <p>Fax: 416.973.7440<br/><a href="mailto:osbservice-bsfservice@ised-isde.gc.ca">osbservice-bsfservice@ised-isde.gc.ca</a></p>   |
| <p><b>MINISTRY OF FINANCE (ONTARIO) –<br/>INSOLVENCY UNIT</b><br/>11-777 Bay Street<br/>Toronto, Ontario M5G 2C8</p> <p><a href="mailto:insolvency.unit@ontario.ca">insolvency.unit@ontario.ca</a><br/>Fax: 416.325.1460</p> <p><b>Ontario Ministry of Finance – Legal<br/>Services Branch</b></p>  | <p><b>CANADA REVENUE AGENCY</b><br/>1 Front Street West<br/>Toronto, ON M5J 2X6</p> <p><b>Pat Confalone</b><br/>Tel: 416.954.6514<br/><a href="mailto:pat.confalone@cra-arc.gc.ca">pat.confalone@cra-arc.gc.ca</a></p>   |
| <p><b>ATTORNEY GENERAL OF CANADA</b><br/>Department of Justice Canada<br/>Ontario Regional Office, Tax Law Section<br/>120 Adelaide Street West, Suite 400<br/>Toronto, ON</p> <p>Fax: 416.973.0810<br/><a href="mailto:AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca">AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca</a></p>  | <p><b>ADJ HOLDINGS INC.</b><br/>2068 Piper Lane<br/>London, ON N5V 3N6</p> <p>Jacqueline Charabin<br/>Email: <a href="mailto:jackiec@ADJHoldings.com">jackiec@ADJHoldings.com</a></p>  |

|   |  |
|---|--|
| <p><b>KINGSETT MORTGAGE CORPORATION</b><br/>Scotia Plaza<br/>40 King Street West, Suite 3700<br/>Toronto, ON M5H 3Y2</p> <p><b>Scott Coates</b><br/>Tel: 416.687.6700<br/>Email: <a href="mailto:scoates@kingsettcapital.com">scoates@kingsettcapital.com</a></p> |  |
|---|--|

# INDEX

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY & INSOLVENCY)**

**B E T W E E N:**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT***  
**R.C.S. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE BANKRUPTCY OF SF SQUARE GP CORP.**  
**OF THE CITY OF GUELPH, IN THE PROVINCE OF ONTARIO**

**INDEX**

| <b>Tab</b> | <b>Document</b>   |
|------------|---|
| 1          | Responding Affidavit of Ian Cook sworn February 10, 2026                  |
| A          | Promissory Noted dated September 26, 2022                                 |
| B          | Security Agreement dated September 26, 2022                               |
| C          | Commitment Letter dated July 6, 2023                                      |
| D          | Email from RHH dated July 2024  |
| E          | Forbearance Agreement dated July 5, 2024                                  |
| F          | Waterfall analysis dated October 29, 2024                                 |
| G          | Promissory Note and a Direction Re Funds each dated October 30, 2024      |
| H          | Wire Confirmations  |
| I          | Second Amended and Restated Forbearance Agreement dated November 28, 2024 |

**TAB 1**

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(IN BANKRUPTCY & INSOLVENCY)**

B E T W E E N:

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT***  
**R.C.S. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE BANKRUPTCY OF SF SQUARE GP CORP.**  
**OF THE CITY OF GUELPH, IN THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF IAN COOK**  
(sworn February 10, 2026)

**I, Ian Cook**, of the City of Waterloo, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the President of 1000931276 Ontario Inc. (formerly 1021294 Ontario Limited) (“**1000**”). The facts set forth herein are within my personal knowledge or determined from the face of the documents attached hereto as exhibits and from information and advice provided to me from others. When matters deposed to herein are based upon information and advice, I verily believe same to be true.

2. This affidavit is sworn in response to the motion brought by BDO Canada Limited in its capacity as the Trustee in Bankruptcy of SF Square GP Corp. (the “**Trustee**”) for an order, among other things, requiring 1000 to immediately repay the Transfer (as defined below) to the Trustee.

3. 1000 disputes that the Trustee is entitled to the relief sought. The Transfer was made for proper and valid consideration to:

- (a) repay short-term unsecured loans made by 1000 to SF Square (as defined below) in the cumulative amount of \$2.95 million; and
- (b) repay the funds diverted from a company owned by 1000 to the Reid Companies' other projects and properties, which likely included the W Project.

## **BACKGROUND**

4. 1000 is an Ontario corporation with its registered office located in Waterloo, Ontario. I am the sole director and officer of 1000.

5. 1000 is a holding company for the Cook Group of companies involved in new home construction, land development, commercial development and residential rentals. Through its operating subsidiaries, it has ownership in a number of development sites in Waterloo Region and in Guelph.

6. I have been in the business of real estate development directly and indirectly since 1985 and have successfully developed multiple communities in the Kitchener-Waterloo area.

7. Neither I, nor 1000, carry on business as a lender. On rare occasions, I have agreed to lend money to friends or family. Such loans have usually been on a short-term basis and have always been repaid in full.

8. I have known Scott Reid ("**Scott**") and his parents on a casual basis since the 1990s. Through a mutual contact, in the Spring of 2021, I was introduced to Scott, who was looking for additional sites to build his standard mid-rise apartment style project. After several discussions, where I indicated my desire to build up a rental portfolio, we decided to jointly develop an

apartment on one of the sites that I owned, which ultimately became the West Haven Project (as defined below).

9. Contrary to the statements in the Trustee's report, the West Haven Project, was the only time that I had partnered with Scott on any construction or development related work.

10. Scott is the principal of RHH Rental Properties Ltd. ("**RHH**"). RHH was the primary real estate development company in a group of companies (collectively, the "**Reid Companies**") which developed several real estate projects in Ontario, including the construction of The W London development property (the "**W Project**"), which I now understand is owned by SF Square LP ("**SF LP**") and a development of a property located in Waterloo, Ontario (the "**West Haven Project**"). Scott was the principal and controlling mind of all of the Reid Companies.

### **1000 MAKES LOANS TO RHH**

11. In 2021, I was approached by Scott who advised me that RHH was in the process of applying for a loan in the maximum amount of \$200 million, which would be used to fund a number of development and construction projects for the Reid Companies. I was advised by Scott that RHH needed a short-term bridge loan to facilitate this financing transaction and, among other things, fund the acquisition by RHH of European medium-term bonds which, I was advised, were a requirement of RHH's potential lender.

12. Pursuant to a Promissory Note dated September 26, 2022, 1000 made a loan to RHH in the principal amount of \$10,800,000 (the "**Loan**"). A copy of the Promissory Note is attached hereto as **Exhibit "A"**. Since the Loan was supposed to be repaid as soon as the financing came in, the maturity date for the Loan was December 21, 2022.

13. 1000's advances under the Loan were secured by *inter alia*, a Security Agreement dated September 26, 2022, a copy of which is attached hereto as **Exhibit "B"**. On the recommendation of Scott, both RHH and 1000 were represented on the loan transaction by RHH's legal counsel Robson Carpenter LLP ("**RCL**").

14. RHH was not able to complete the contemplated refinancing in 2022. The Loan matured on December 21, 2022 and was not repaid. RHH continues to be indebted to 1000 under the Loan in the amount in excess of \$14 million for principal, interest and costs.

### **The West Haven Project**

15. In 2022 1000 and Scott's other company RHP Vale Station Developments GP Corp. ("**RHP**") commenced the development and construction of a four-storey apartment building on one of the development blocks on the lands municipally known as 28 Westhill Drive, Waterloo, Ontario owned by West Haven Limited ("**WHL**"). RHH was the project manager for the apartment building with a project name of Vale Station. RHP and 1000 were each a 50% shareholder of WHL.

16. The construction of the West Haven Project was financed by First National Financial LP ("**First National**"), which made a loan to West Haven in the principal amount of \$34,748,200 pursuant to a letter agreement dated July 6, 2023 (the "**First National Loan**"). 1000 and RHP, jointly and severally guaranteed, WHL's obligations to First National under the First National Loan. A copy of First National's Commitment Letter is attached hereto as **Exhibit "C"**.

17. The funds advanced by First National were deposited into the bank account of RHH as the developer of the West Haven Project and were to have been segregated and used only for the construction of the West Haven Project.

18. In or around early July 2024, I learned that \$4.9 million of funds (the “**Diverted Funds**”) advanced by First National for the West Haven Project was diverted by Scott for his other projects. Attached hereto as **Exhibit “D”** is a copy of the email from RHH confirming the funds diversion. To date, I have not been able to ascertain what project those funds were diverted to and, if any portion thereof was used for the W Project. Since the bankruptcy of SF LP, RHH and the insolvency of certain other Reid Companies, I have learned that Scott was moving money around between all of the Reid Companies. Due to the diversion of the Diverted Funds, 1000 was forced to advance additional funds to WHL in order to complete the West Haven Project.

19. As a consequence of RHH’s defaults under the Loan and diversion of funds belonging to WHL, 1000 demanded on the Loan.

20. To keep 1000 from enforcing on its Loan and security, Scott promised to repay the amounts owing for the Diverted Funds to 1000 from the proceeds of the sale or refinancing of the W Project and requested that 1000 forbear from exercising its enforcement rights until the sale or refinancing can be completed. At all relevant times, Scott had assured me that the proceeds from the sale or refinancing of the W Project will be sufficient to repay all creditors in full, including the amounts owing for the Loans and the Diverted Funds. To that end he offered to pledge, as additional security, shares in the company that owned the W Project.

21. I now understand from the Trustee’s reports that SF LP is the beneficial owner of the lands that house the W Project. I have also since learned that Sherwood Forest Square Ltd. (“**Sherwood**

**Ltd**") is the holding company for shares of SF Square GP Corp. ("**SF GP**"), general partner of SF LP.

22. As a consequence of Scott's representations and forbearance request, 1000 and RHH entered into a Forbearance Agreement dated July 5, 2024, a copy of which is attached hereto as **Exhibit "E"** the ("**July FA**").

23. Pursuant to the July FA RHH and Reid acknowledged that the Loan is in default and the diversion of the Diverted Funds and agreed, among other things, that RHH will pledge of all of its shares in the capital of Sherwood Ltd. to 1000. I had agreed to this on the understanding that 1000 was getting shares in the company that was the direct or beneficial owner of the lands that housed the W Project.

24. The July FA was again prepared by RCL. I trusted RCL to properly paper the deal between RHH and 1000.

### **The W Project and additional advances**

25. In late October, 2024, Scott approached me and requested urgent short-term funding to pay trades on the W Project. In connection with this request, I asked Scott to provide me with the waterfall analysis for the distributions of the refinancing or sale of this property so that I could ascertain that my bridge loan was substantially secured and would be promptly repaid. Attached hereto as **Exhibit "F"** is a copy of the waterfall analysis provided by Scott to me on October 29, 2024 which demonstrates that after repaying all amounts owing to all creditors and investors there would be sufficient funds to repay all of the amounts owing by RHH to 1000, including the requested bridge loans.

26. In reliance on Scott's representations, I agreed, on behalf of 1000, to lend to SF Square the amount of \$1,650,000 on a short-term basis on the strict understanding that the funds loaned will be repaid by SF Square from the proceeds of the sale or refinancing of the W Project. As the loan was required on immediate basis, I asked RCL to paper it. I expressly communicated to RCL, which was also acting for RHH that the agreement between the parties was that this loan was supposed to be repaid from the W Project refinancing.

27. Notwithstanding the fact that the funds were advanced to SF Square and were intended to be paid back from the proceeds from SF Square's property, RCL prepared a promissory note naming RHH as the borrower. I was not advised as to the rationale behind that and relied on RCL to paper everything properly. Attached hereto collectively as **Exhibit "G"** are copies of the Promissory Note and a Direction Re Funds each dated October 30, 2024.

28. In late November 2024, Scott again approached me with an urgent request to fund the carrying costs of the W Project and transaction funds required to complete the W Project refinancing. The funds were required on an urgent basis, which did not allow 1000 any time to paper the transaction properly. In reliance on Scott's promises that the money will be repaid by SF Square within the next few months, I caused 1000 to advance a further loan to SF Square in the amount of \$1,300,000. Attached hereto collectively as **Exhibit "H"** are wire confirmations evidencing payments in the cumulative amount of \$2,950,000 to SF Square made by 1000.

29. On the recommendation of RCL, after the loans to SF Square were made, 1000, RHH and Reid entered into a Second Amended and Restated Forbearance Agreement dated November 28, 2024 (the "**November FA**"), a copy of which is attached hereto as **Exhibit "I"**. I was advised by

RCL that this amendment to the July FA was necessary to account for the loans made to SF LP and to ensure that the loans to SF LP are repaid from the sale or refinancing of the W Property.

30. The refinancing of the W Project was completed in December 2024. Consistent with the agreement between the parties, the two short term loans made by 1000 to SF Square described above were repaid on December 20, 2025. A further \$1,550,000 was directed by Reid to be paid to 1000 as partial repayment of the Diverted Funds.

### **Trustee's Evidence**

31. The Trustee acknowledges that \$2,950,000 was advanced by 1000 to SF Square and that the funds were received by SF Square.

32. In its motion material, the Trustee states that it reviewed SF Square's bank statements and "did not identify any large lump-sum transfers into either [SF Square] that would suggest the use of \$4.9 million by [SF Square]". The Trustee goes on to confirm that it did identify period transfers made from RHH to SF LP to cover operating shortfalls. The Trustee does not identify the amounts of those transfers or the dates on which they were made. The Trustee then concludes, without any explanation as to how it arrived at such conclusion, that such transfers did not appear to correlate with the timing of the transfers from 1000 to RHH.

33. The Trustee's observations fail to take into account the fact that the diversions of funds from WHL into other Scott projects took place well before the short-term loans were made by 1000 to SF Square. Although I first learned of the diversion of funds in July 2024, I understand that those funds were being diverted over a period of a year between July 2023 when the funds were first advanced by First National and July 2024, when I finally learned of these diversions.

34. The Trustee also states that of the \$2.95 million advanced by 1000 to SF Square, approximately \$1.982 million was used almost immediately to fund obligations of RHH rather than those of SF Square. I had no knowledge what the funds that 1000 advanced for were used. I was expressly told by Scott that the advances were needed to fund the carrying costs of the W Project and the lender fees associated with the W Project refinancing. I had no input, knowledge or control as to how SF Square chose to use the funds advanced to it or what it used them for.

35. The Trustee alleges that SF Square was insolvent in December 2024 when the payments were made to 1000 to repay the short-term loans and a portion of the Diverted Funds. To arrive at this conclusion, the Trustee claims that SF Square's liabilities exceeded its assets. However, a close review of the Trustee's numbers clearly indicates that SF Square was not insolvent in December 2024 or at the time that it was assigned into bankruptcy in 2025.

36. The Trustee lists the following assets of SF Square as at December 2024:

| <b>Assets</b>          | <b>Value as of December 31, 2024</b> |
|------------------------|--------------------------------------|
| Cash                   | \$548,839                            |
| Rent Receivable        | \$855,350                            |
| Prepaid Expenses       | \$502,615                            |
| Other Current Assets   | \$148,916                            |
| Property and Equipment | \$97,699,683                         |

|                     |                     |
|---------------------|---------------------|
| <b>Total Assets</b> | <b>\$99,755,403</b> |
|---------------------|---------------------|

37. It is not clear how the Trustee arrived at the “property and equipment” value, when the W Project was sold in May 2025 for \$100 million. Taking all other asset calculations at face value, it is clear that the value of SF Square’s assets in December 2024 was in fact at minimum \$102,055,720.

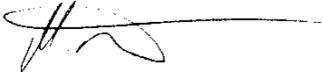
38. The Trustee’s liability calculations also don’t make a lot of sense. The Trustee states in its report that SF Square’s liabilities as of December 2024 were \$111,181,408. However, this number includes contingent claims of \$4.5 million, which the Trustee says in the report it denies are payable and \$20,062,511 owing to the parent company, Sherwood Ltd. However, the Trustee acknowledges in its report that approximately \$17 million of these funds had been reclassified “as contributed capital in Square LP’s financial reports”. In the absence of the contingent claims and Sherwood Ltd.’s capital contributions, it is apparent that in December 2024, SF Squares’ assets substantially exceeded their liabilities.

39. Based on the Trustee’s own evidence, it appears that SF Square was not insolvent at the time that the Transfers were made, or when it filed for bankruptcy in May 2025.

40. This affidavit is sworn in response to the Trustee’s motion and for no other or improper purpose.

**SWORN BEFORE ME** over  
videoconference on this 10<sup>th</sup> day of  
February, 2026. The affiant was located in  
the City of Waterloo in the Province of  
Ontario and the commissioner was located in  
the City of Toronto, in the Province of  
Ontario, Canada. This affidavit was  
commissioned remotely in accordance O.  
Reg. 431/20, Administering Oath or  
Declaration Remotely

}



---

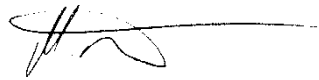
Commissioner for Taking Affidavits  
*(or as may be)*



---

IAN COOK

***THIS IS EXHIBIT "A" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***

A handwritten signature in black ink, consisting of a stylized, cursive script that is difficult to decipher but appears to be a name.

---

***A Commissioner Etc.***

**PROMISSORY NOTE**

FOR VALUE RECEIVED, RHH Rental Properties Ltd. (the "Borrower"), a corporation incorporated under the laws of the province of Ontario, promises to pay to 1021294 Ontario Limited (the "Lender") at 169 Lexington Court, Unit B-1, Waterloo, Ontario N2J 4R3, or such other place as the Lender shall inform the Borrower in writing in lawful money of Canada, the principal sum of Ten Million Eight Hundred Thousand Dollars (\$10,800,000) (the "Principal Amount"). The Principal Amount shall, subject to the provisions hereof, bear interest calculated monthly at a rate of twelve percent (12.0%) per annum before and after maturity, default and judgment and until actual payment, with interest on overdue interest at the same rate. The Principal Amount together with any interest due thereon shall be payable in full on December 21, 2022.

Notwithstanding the foregoing, if the Principal Amount together with all interest owing thereon has not been paid in full on or before January 20, 2023, then the Principal Amount and all interest owing thereon or becoming owing thereon shall bear interest calculated monthly at a rate of fifteen percent (15%) per annum until actual payment thereof.

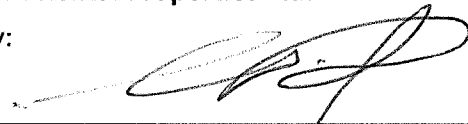
The Borrower waives presentment, demand, notice of dishonour and protest or further notice of any kind and agrees that it shall remain liable in respect of this note as if presentment, demand, notice of dishonour and protest had been duly made or given.

This note shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

DATED: September 26, 2022.

**RHH Rental Properties Ltd.**


By:



By: Scott Reid

Title: President

***THIS IS EXHIBIT "B" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***

A handwritten signature in black ink, appearing to be 'J. R.', written over a horizontal line.

---

***A Commissioner Etc.***

## SECURITY AGREEMENT

**THIS AGREEMENT** is made September 26, 2022,

**BY:** RHH Rental Properties Ltd., a corporation incorporated under the laws of Ontario  
(the "Borrower")

**IN FAVOUR OF:** 1021294 Ontario Limited  
(the "Lender")

### RECITALS:

1. The Borrower is now or may hereafter become indebted or otherwise liable to the Lender pursuant to a promissory note (as amended or replaced from time to time, the "Promissory Note") issued by the Borrower in favour of the Lender.
2. The Lender has requested, and the Borrower has agreed to provide the Lender with, a security interest on certain assets of the Borrower as contemplated in this Agreement.

**NOW THEREFORE** in consideration of the sum of \$1.00 and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Borrower agrees with the Lender as follows:

### Article 1 - INTERPRETATION

- 1.1 **Definitions** In this Agreement the following words and phrases have the following meanings:
- (a) **"this Agreement", "hereto", "herein", "hereof", "hereby", "hereunder"** and any similar expressions refer to this Agreement and the Schedules hereto as they may be amended or supplemented from time to time, and not to any particular Article, section or other portion hereof or thereof;
  - (b) **"Business Day"** means any day, other than Saturday, Sunday or any statutory holiday in the Province of Ontario;
  - (c) **"Collateral"** means all of the undertaking, property and assets of the Borrower subject to, or intended to be subject to, the Security Interest, and any reference to "Collateral" shall be deemed to be a reference to "Collateral or any part thereof" except where otherwise specifically provided;

- (d) **“Event of Default”** has the meaning attributed to such term in section 10.1;
- (e) **“Lien”** means any mortgage, pledge, charge, assignment, security interest, hypothec, lien or other encumbrance, including, without limitation, any agreement to give any of the foregoing, or any conditional sale or other title retention agreement;
- (f) **“Obligations”** means all of the obligations, liabilities and indebtedness of the Borrower to the Lender from time to time, whether present or future, absolute or contingent, liquidated or unliquidated, of whatsoever nature or kind, in any currency or otherwise, including arising as a result of the Promissory Note or any other agreement delivered by the Borrower in connection with the Promissory Note and the strict performance and observance by the Borrower of all agreements, warranties, representations, covenants and conditions made pursuant to this Agreement or any other agreement between the Borrower and the Lender, whether present or future, amended or unamended;
- (g) **“Permitted Liens”** means the Security Interest, those Liens existing at the date hereof which are specifically referred to in this Agreement or a Schedule to this Agreement, if any, and any Lien which arises hereafter which is approved in writing, prior to its creation or assumption, by the Lender provided that the Lender shall not be obligated to provide such approval;
- (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, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;
- (i) **“PPSA”** means the *Personal Property Security Act* (Ontario) as amended from time to time and any Act substituted therefor and amendments thereto;
- (j) **“Prime Rate”** means, at any time, the annual rate of interest which Canadian Imperial Bank of Commerce establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge at such time for demand loans in Canadian dollars made to its customers in Canada and which it refers to as its “prime rate of interest”, such rate to be adjusted automatically and without the necessity of any notice to the Borrower upon each change to such rate;

(k) **“Receiver”** means any of a receiver, manager, receiver-manager and receiver and manager; and

(l) **“Security Interest”** has the meaning attributed to such term in section 2.1.

1.2 **Capitalized Terms** Unless otherwise defined in this Agreement, all capitalized terms will have the meanings given to those terms in the PPSA.

1.3 **Headings, Table of Contents, Gender and Number** The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof. In this Agreement, unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Whenever in this Agreement a particular Article, section or other portion thereof is referred to then, unless otherwise indicated, such reference pertains to the particular Article, section or portion thereof contained herein.

1.4 **Currency** All amounts in this Agreement are stated and shall be paid in Canadian currency.

## **Article 2 - SECURITY INTEREST**

2.1 **Creation of Security Interest** As continuing security for the repayment, performance and satisfaction of the Obligations of the Borrower to the Lender, and subject to sections 2.2 and 2.3 hereof, the Borrower hereby grants to the Lender, by way of security interest, mortgage, pledge, charge, assignment and hypothec, a security interest (the “Security Interest”) in the undertaking of the Borrower and in:

(a) all Goods (including without limitation all parts, accessories, attachments, additions and Accessions thereto) whether or not such Goods are now or hereafter become fixtures, all Accounts, all Chattel Paper, all Documents of Title (whether negotiable or not), all Instruments, all Intangibles, all Money and all Investment Property, and all other personal property, if any, in each case now owned or hereafter acquired by or on behalf of the Borrower or in respect of which the Borrower now or hereafter has any right, title or interest (including, without limitation, such as may be returned to or repossessed by the Borrower) and including, without limitation, all contracts, licenses, computer software, warranties, ownership certificates, manuals, publications, books, statements of account, bills, invoices, letters and other documents or records in any form evidencing or relating to any of the foregoing property;

- (b) without limiting the generality of the foregoing, the 1,200 2% European Medium Term bonds issued by Demeter Investment Holdings with certificate number AF0004439448;
- (c) all renewals of, accretions to and substitutions for any of the property described in clause 2.1(a); and
- (d) all Proceeds (including Proceeds of Proceeds) of any of the property described in clauses 2.1(a) and 2.1(c).

2.2 **Exception for Last Day of Leases** The Security Interest granted hereby does not and shall not extend to, and Collateral shall not include, the last day of the term of any lease or sub-lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Borrower, but upon the sale of the leasehold interest or any part thereof the Borrower shall stand possessed of such last day in trust to assign the same as the Lender shall direct.

2.3 **Exception for Contractual Rights** The Security Interest granted hereby does not and shall not extend to, and Collateral shall not include, any agreement, right, franchise, license or permit (the "contractual rights") to which the Borrower is a party or of which the Borrower has the benefit, to the extent that the creation of the Security Interest therein would constitute a breach of the terms of or permit any Person to terminate the contractual rights, but the Borrower shall hold its interest therein in trust for the Lender and shall assign such contractual rights to the Lender forthwith upon obtaining the consent of the other party thereto. The Borrower agrees that it shall, upon the request of the Lender, use all commercially reasonable efforts to obtain any consent required to permit any contractual rights to be subjected to the Security Interest.

2.4 **Attachment** The attachment of the Security Interest has not been postponed and the Security Interest shall attach to any particular Collateral as soon as the Borrower has rights in such Collateral.

2.5 **Proceeds in Trust** The Borrower will, and will be deemed to, hold all Proceeds separate and in trust, for the benefit of the Lender until the Obligations have been paid, performed and satisfied in full.

### **Article 3 – OBLIGATIONS SECURED**

3.1 **Obligations Secured** The Security Interest granted hereby secures payment, performance and satisfaction of the Obligations.

## Article 4 REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties** The Borrower represents and warrants, and so long as this Agreement remains in effect shall be deemed continuously to represent and warrant, that:

- (a) it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has the corporate power and capacity to own its properties and assets and to carry on its business as presently carried on by it, it has the corporate power and capacity to enter into this Agreement and to do all acts and things as are required or contemplated hereunder to be done, observed and performed by it;
- (b) it has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement;
- (c) there is no unanimous shareholder agreement which restricts, in whole or in part, the powers of the directors of the Borrower to manage or supervise the business and affairs of the Borrower except as set out in Schedule 4.1 (c);
- (d) the entering into of this Agreement and the performance by the Borrower of its obligations hereunder does not and will not contravene, breach or result in any default under the articles, by-laws, constating documents or other organizational documents of the Borrower or under any mortgage, lease, agreement or other legally binding instrument, license, permit or law to which the Borrower is a party or by which the Borrower or any of its properties or assets may be bound and will not result in or permit the acceleration of the maturity of any indebtedness, liability or obligation of the Borrower under any mortgage, lease, agreement or other legally binding instrument of or affecting the Borrower;
- (e) no authorization, consent or approval of, or filing with or notice to, any Person is required in connection with the execution, delivery or performance of this Agreement by the Borrower;
- (f) except as disclosed in writing to the Lender, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, or criminal); arbitration or other dispute settlement procedure; investigation or enquiry by any government body; or any similar matter or proceeding (collectively "proceedings") against or involving the Borrower (whether in progress or threatened) which, if determined adversely to the Borrower, would materially adversely affect its business, property, financial condition or prospects or its

ability to perform any of the provisions of this Agreement; no event has occurred which might give rise to any proceedings and there is no judgment, decree, injunction, rule, award or order of any governmental body outstanding against the Borrower which has or may have a material adverse effect on its business, property, financial condition or prospects;

- (g) the Borrower does not have or use a French form of name or a combined English and French form of name and does not use any business name or style other than the Borrower's name as disclosed in this Agreement;
- (h) the Borrower owns the Collateral free of all Liens, except for Permitted Liens including the Permitted Liens set out in Schedule 4.1(h);
- (i) each Account, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the Person obligated to pay the same, and the amount represented by the Borrower to the Lender from time to time as owing by each such Person or by all such Persons will be the correct amount actually and unconditionally owing by such Person or Persons, except for normal cash discounts where applicable, and no such Person will have any defence, set off, claim or counterclaim against the Borrower which can be asserted against the Lender, whether in any proceeding to enforce Collateral or otherwise;
- (j) the locations specified in Schedule 4.1(j) to this Agreement as to business operations and records are accurate and complete and, with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule 4.1(j) are accurate and complete except for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures which forms part of the Collateral will be situate at one of such locations;
- (k) all financial information provided by the Borrower to the Lender is true, correct and complete;
- (l) all financial statements have been prepared in accordance with accounting standards for private enterprises consistently applied; and
- (m) there has been no material adverse change in the Borrower's financial condition since the date of the most recent financial statements provided to the Lender.

## Article 5 - COVENANTS AND AGREEMENTS OF THE BORROWER

5.1 **General Agreements** The Borrower agrees that it shall:

- (a) pay or satisfy all Obligations when due;
- (b) carry on and conduct its business in a proper and efficient manner and so as to protect and preserve the Collateral and shall keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for its business and accurate and complete records concerning Collateral, and shall mark any and all such records and Collateral at the Lender's request so as to indicate the existence of the Security Interest;
- (c) keep the Collateral in good order and repair and shall not use the Collateral in violation of the provisions of this Agreement or any other agreement between the Borrower and the Lender relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) not locate any Collateral at any location not set out in Schedule 4.14.1(j) without the Lender's prior written consent;
- (e) prevent any Collateral, except Inventory sold or leased as permitted hereby, from being or becoming an Accession to property not covered by this Agreement;
- (f) pay all taxes, rates, levies, assessments and other charges of every kind which may be lawfully levied, assessed or imposed against or in respect of it or Collateral as and when the same become due and payable;
- (g) insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Lender shall reasonably direct, with loss payable to the Lender and the Borrower, as their respective interests may appear, and shall pay all premiums therefor;
- (h) notify the Lender promptly of:
  - (i) any change in the information contained in this Agreement or in the Schedules hereto relating to it, its business or the Collateral;
  - (ii) the details of any significant acquisition of Collateral;
  - (iii) the details of any claims or litigation affecting it or the Collateral;

- (iv) any loss of or damage to the Collateral;
  - (v) any default by any Person in payment or other performance of its obligations with respect to Collateral; and
  - (vi) the return to or repossession by it of Collateral;
  - (vii) It shall deliver to the Lender from time to time promptly upon request:
  - (viii) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
  - (ix) all statements of accounts, bills, invoices and books of account relating to Accounts and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;
  - (x) all financial statements prepared by or for it regarding its business;
  - (xi) all policies and certificates of insurance relating to Collateral; and
  - (xii) such information concerning the Collateral, the Borrower and its business and affairs as the Lender may reasonably request;
- (i) not change its name without giving prior written notice to the Lender of the new name and the date upon which such change of name is to take effect;
  - (j) not amalgamate or enter into an arrangement with another corporation or commence proceedings to dissolve or liquidate without the prior written consent of the Lender;
  - (k) do, execute, acknowledge and deliver such financing statements and further assignments, transfers, documents, acts, matters and things (including further Schedules to this Agreement) as may be reasonably requested by the Lender or with respect to Collateral in order to give effect to this Agreement; and
  - (l) ensure that the representations and warranties set forth in section 4.1 shall be true and correct at all times.

5.2 **Restrictions on Dealings with Collateral** Except as provided in section 5.3, the Borrower agrees that it shall not, without the prior consent in writing of the Lender:

- (a) sell, assign, transfer, exchange, lease, consign or otherwise dispose of any Collateral;
- (b) move or transfer the Collateral from its present location; or
- (c) create, assume or suffer to exist any mortgage, lien, security interest or other encumbrance (a "Lien") upon the Collateral other than the Permitted Liens.

No provision hereof shall be construed as a subordination or postponement of the Security Interest to or in favour of any other Lien, whether or not such Lien is a Permitted Lien.

5.3 **Permitted Dealings with Collateral** The Borrower may at any time, without the consent of the Lender:

- (a) sell, assign, transfer, exchange, lease, consign or otherwise dispose of Inventory in the ordinary course of its business;
- (b) sell or otherwise dispose of such part of its Equipment which is no longer necessary or useful in connection with its business or which has become worn out or obsolete or unsuitable for the purpose for which it was intended; and
- (c) subject to section 8.1, collect Accounts in the ordinary course of its business.

5.4 **Verification of Collateral** The Lender shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and the Borrower agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith and for such purpose to grant to the Lender or its agents access to all places where Collateral may be located and to all premises occupied by the Borrower.

5.5 **Expenses** The Borrower shall pay to the Lender on demand all of the Lender's reasonable costs, charges and expenses (including, without limitation, legal fees on a solicitor and his own client basis and Receiver's fees) in connection with the preparation, registration or amendment of this Agreement, the perfection or preservation of the Security Interest, the enforcement by any means of any of the provisions hereof or the exercise of any rights, powers or remedies hereunder, including, without limitation, all such costs, charges and expenses in connection with taking possession of Collateral, carrying on the Borrower's business, collecting the Borrower's accounts and taking custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral, together with interest on such costs, charges and expenses from the dates incurred to the date of payment at the Prime Rate.

5.6 **Insurance** The Borrower shall obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limiting the generality of the foregoing, loss by fire (including extended coverage), theft, collision and such other risks of loss as are customarily insured against on this type of Collateral, in an amount not less than the full replacement value thereof, in a form and with insurers which are satisfactory to the Lender, acting reasonably. If any such policies of insurance contain a co-insurance clause, the Borrower shall either cause any such co-insurance clause to be waived or maintain at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Borrower from becoming a co-insurer under the terms of any such policy. All such policies shall name the Lender as an additional insured and loss payee thereof, as the Lender's interests may appear, and shall provide that the insurer will give the Lender at least 30 days written notice of any change in or cancellation of the policy. At the Lender's request, the Borrower shall furnish the Lender with a copy of any policy of insurance and certificate of insurance or other evidence satisfactory to the Lender that the required insurance coverage is in effect. The Borrower shall give the Lender notice of any damage to, or loss of, the Collateral forthwith upon the occurrence of any such damage or loss. If the Borrower fails to make any payment or perform any other obligation provided in this section, the Lender will have the right, but not the obligation, without notice or demand upon the Borrower and without releasing the Borrower from any obligation hereunder or waiving any rights to enforce this Agreement, to perform any or all of such obligations. The amount of all such payments made and all costs, fees and expenses incurred by the Lender in performing such obligations shall be immediately due and payable by the Borrower.

## **Article 6 - SECURITIES**

6.1 **Securities** If the Collateral at any time includes Securities, the Borrower authorizes the Lender to transfer the same or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear as the sole owner of record thereof; provided that, until the occurrence of an Event of Default, the Lender shall deliver promptly to the Borrower all notices or other communications received by the Lender or its nominee as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall grant to the Borrower or its nominee a proxy to vote and take all action with respect to such Securities, in a manner not prejudicial to the interests of the Lender or which would violate or be inconsistent with this Agreement. After the occurrence of an Event of Default, the Borrower waives all rights to receive any notices or communications received by the Lender or its nominee as such registered owner and agrees that no proxy granted by the Lender to the Borrower or its nominee as aforesaid shall thereafter be effective. The Lender is not

responsible for any loss occasioned by its exercise of any of rights with respect to the Securities or by its failure to exercise the same within the time limited for the exercise thereof.

#### **Article 7 - INVESTMENT PROPERTY**

7.1 **Investment Property** If the Collateral at any time includes Investment Property, the Borrower authorizes the Lender to transfer the same or any part thereof into its own name or that of its nominee so that the Lender or its nominee may appear as the sole owner of record thereof; provided that, until the occurrence of an Event of Default, the Lender shall deliver promptly to the Borrower all notices or other communications received by the Lender or its nominee as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall grant to the Borrower or its nominee a proxy to vote and take all action with respect to such Investment Property, in a manner not prejudicial to the interests of the Lender or which would violate or be inconsistent with this Agreement. After the occurrence of an Event of Default, the Borrower waives all rights to receive any notices or communications received by the Lender or its nominee as such registered owner and agrees that no proxy granted by the Lender to the Borrower or its nominee as aforesaid shall thereafter be effective. The Lender is not responsible for any loss occasioned by its exercise of any of rights with respect to the Securities or by its failure to exercise the same within the time limited for the exercise thereof.

#### **Article 8 - COLLECTION OF DEBTS**

8.1 **Collection of Debts** After the occurrence of an Event of Default, the Lender may give notice of the Security Interest to any Person obligated to pay any debt or liability constituting Collateral and may also direct such Person to make all payments on account of any such debt or liability to the Lender. The Borrower acknowledges that any payments received by the Borrower from such Persons, whether before or after notification of the Security Interest to such Persons and whether before or after the occurrence of an Event of Default, shall be received and held by the Borrower in trust, or as agent in the Province of Quebec, for the Lender and shall be turned over to the Lender upon request.

8.2 **Application of Funds** Except where the Borrower, when not in default hereunder, so directs in writing at the time of payment, all money collected or received by the Lender in respect of the Collateral may be applied on account of such parts of the Obligations as the Lender in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Lender may be released to the Borrower, all without prejudice to the Lender's rights against the Borrower.

## Article 9 - EVENTS OF DEFAULT

9.1 **Events of Default** The Borrower is in default under this Agreement upon the occurrence of any of the following events, each of which shall constitute an Event of Default:

- (a) the Borrower defaults in payment when due of all or any part of the Obligations;
- (b) the Borrower defaults in the payment of the Promissory Note in accordance with its terms or the performance of any of its agreements contained in this Agreement and/or any other document delivered by the Borrower to the Lender in connection with the Promissory Note;
- (c) any representation and warranty of the Borrower contained in this Agreement proves to be untrue;
- (d) the Borrower admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;
- (e) except to the extent permitted by the Lender in writing, the Borrower or any other Person institutes any proceeding or takes any corporate action or executes any agreement to authorize its participation in or commencement of any proceeding:
  - (i) seeking to adjudicate it a bankrupt or insolvent;
  - (ii) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt, or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any application under the *Companies' Lenders Arrangement Act* (Canada) or any reorganization, arrangement or compromise of debt under the laws of the jurisdiction of incorporation of the Borrower); or
  - (iii) seeking to amalgamate or merge it, or enter into an arrangement, with any other entity; or
  - (iv) seeking appointment of a receiver, trustee, agent, custodian or other similar official for it or for any substantial part of its properties and assets or for any part of the Collateral;
- (f) any proceeding is commenced against or affecting the Borrower:

- (i) seeking to adjudicate it a bankrupt or insolvent;
- (ii) seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any reorganization, arrangement or compromise of debt under the laws of the jurisdiction of incorporation of Borrower);
- (iii) seeking to amalgamate or merge it with any other entity; or
- (iv) seeking appointment of a receiver, trustee, agent, custodian or other similar official for it or for any substantial part of its properties and assets or for any part of the Collateral;

and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested remains outstanding, undismissed and unstayed more than 30 days from the institution of such first mentioned proceeding provided, however, that notwithstanding any such 30 day period shall not have elapsed, an Event of Default shall be deemed to have occurred if such proceeding remains outstanding and, after the date of commencement of such proceeding, the Borrower does not satisfy a payroll obligation; or

- (g) any Lender of the Borrower or any other Person shall privately appoint a receiver, trustee or similar official for any substantial part of the Borrower's properties and assets or for any part of the Collateral; or
- (h) if any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any property of the Borrower; or
- (i) the Lender in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of the Obligations is or is about to be impaired or that the Collateral is or is about to be placed in jeopardy.

## **Article 10 - REMEDIES**

10.1 **Appointment of Receiver** Upon the occurrence of an Event of Default, the Lender may appoint by instrument any Person, whether an officer or an employee of the Lender or not, to be any of a receiver, manager, receiver-manager and receiver and manager (a "Receiver") of Collateral and may remove any Receiver so appointed and

appoint another in place of such Receiver in the same manner. Any such Receiver shall be deemed the agent of the Borrower and not of the Lender for the purpose of (i) carrying on and managing the business and affairs of the Borrower, and (ii) establishing liability for all acts or omissions of the Receiver while acting as such, and the Lender shall not be in any way responsible for any acts or omissions on the part of any such Receiver, its officers, employees and agents. The Borrower hereby irrevocably authorizes the Lender to give instructions to the Receiver relating to the performance of its duties. The Borrower hereby irrevocably waives any right it may have now or in the future under any applicable law, including, without limitation, the PPSA, to make application to a court for the removal, replacement or discharge of the Receiver or for directions on any matter relating to the duties of the Receiver (unless such duties are not being performed in a commercially reasonable manner) or in respect of the Receiver's accounts or remuneration or in respect of any other matter.

Subject to the provisions of the instrument appointing it, any such Receiver shall have the power to take possession of Collateral, to preserve Collateral or its value in such manner as it considers appropriate, to carry on or concur in carrying on all or any part of the business of the Borrower and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of Collateral in such manner and on such terms as it considers to be commercially reasonable. To facilitate the foregoing powers, any such Receiver may enter upon, use and occupy all premises owned or occupied by the Borrower wherein Collateral may be situate to the exclusion of all others to the extent permitted by law, including the Borrower, maintain Collateral upon such premises, borrow money on a secured or unsecured basis, incur reasonable expenses in the exercise of the rights, powers and remedies set out in this Agreement and use Collateral directly in carrying on the Borrower's business or as security for loans or advances to enable it to carry on the Borrower's business or otherwise, as such Receiver shall, in its discretion, determine. In addition, the Receiver shall have the following rights, powers and remedies:

- (a) to make payments to Persons having prior rights or Liens on properties on which the Borrower may hold a Lien and to Persons having prior rights or Liens on the Collateral; and
- (b) to demand, commence, continue or defend proceedings in the name of the Lender or of the Receiver or in the name of the Borrower for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral and to give effectual receipts and discharges therefor.

Except as may be otherwise directed by the Lender, all Proceeds received from time to time by such Receiver in carrying out its appointment shall be received in trust for and

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

- 10.2 **Exercise of Remedies by Lender** Upon the occurrence of an Event of Default, the Lender may, either directly or through its agents or nominees, exercise all the powers and rights available to a Receiver by virtue of section 10.1. In addition to the rights granted in this Agreement and in any other agreement now or hereafter in effect between the Borrower and the Lender and in addition to any other rights the Lender may have at law or in equity or otherwise, the Lender shall have, both before and after the occurrence of an Event of Default, all rights and remedies of a secured party under the PPSA.
- 10.3 **Possession of Collateral** The Borrower acknowledges that the Lender or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Borrower agrees upon request from the Lender or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.
- 10.4 **Remedies Not Exclusive** All rights, powers and remedies of the Lender under this Agreement may be exercised separately or in combination and shall be in addition to, and not in substitution for, any other security now or hereafter held by the Lender and any other rights, powers and remedies of the Lender however created or arising. No single or partial exercise by the Lender of any of the rights, powers and remedies under this Agreement or under any other security now or hereafter held by the Lender shall preclude any other and further exercise of any other right, power or remedy pursuant to this Agreement or any other security or at law, in equity or otherwise. The Lender shall at all times have the right to proceed against Collateral or any other security in such order and in such manner as it shall determine without waiving any rights, powers or remedies which the Lender may have with respect to this Agreement or any other security or at law, in equity or otherwise. No delay or omission by the Lender in exercising any right, power or remedy hereunder or otherwise shall operate as a waiver thereof or of any other right, power or remedy.
- 10.5 **Notice of Sale** Unless required by law, neither the Lender nor any Receiver appointed by it shall be required to give the Borrower any notice of any sale, lease or other disposition of the Collateral, the date, time and place of any public sale of Collateral or the date after which any private disposition of Collateral is to be made
- 10.6 **Collection of Debts** Before or after the occurrence of an Event of Default, the Lender may give notice of the Security Interest to any Person obligated to pay any debt or liability constituting Collateral and may also direct such Person to make all payments on

account of any such debt or liability to the Lender. The Borrower acknowledges that any payments received by the Borrower from such Persons, whether before or after notification of the Security Interest to such Persons and whether before or after the occurrence of an Event of Default, shall be received and held by the Borrower in trust for the Lender and shall be turned over to the Lender upon request.

- 10.7 **Application of Funds** All money collected or received by the Lender in respect of the Collateral may be applied on account of such parts of the Obligations as the Lender in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Lender may be released to the Borrower, all without prejudice to the Lender's rights against the Borrower.
- 10.8 **Borrower Liable for Deficiency** The Borrower shall remain liable to the Lender for any deficiency after the proceeds of any sale, lease or disposition of Collateral are received by the Lender.
- 10.9 **Exclusion of Liability of Lender and Receiver** The Lender shall not, nor shall any Receiver appointed by it, be liable for any failure to exercise its rights, powers or remedies arising hereunder or otherwise, including without limitation any failure to take possession of, collect, enforce, realize, sell, lease or otherwise dispose of, preserve or protect the Collateral, to carry on all or any part of the business of the Borrower relating to the Collateral or to take any steps or proceedings for any such purposes. Neither the Lender nor any Receiver appointed by it shall have any obligation to take any steps or proceedings to preserve rights against prior parties to or in respect of Collateral including without limitation any Instrument, Chattel Paper or Securities, whether or not in the Lender's or the Receiver's possession, and neither the Lender nor any Receiver appointed by it shall be liable for failure to do so. Subject to the foregoing, the Lender shall use reasonable care in the custody and preservation of the Collateral in its possession.
- 10.10 **Indemnity** The Borrower shall indemnify and save the Lender harmless from any and all costs, expenses, liabilities and damages which may be incurred by the Lender in connection with the Collateral and the enforcement of its rights hereunder, save only any costs, expenses, liabilities or damages resulting from any wilful misconduct or gross negligence by the Lender or its servants or agents.

## **Article 11 - APPLICATION OF PROCEEDS**

- 11.1 **Application of Proceeds** The Proceeds arising from the enforcement of the Security Interest as a result of the possession by the Lender or the Receiver of the Collateral or from any sale, lease or other disposition of, or realization of security on, the Collateral

(except following acceptance of Collateral in satisfaction of the Obligations) shall be applied by the Lender or the Receiver in the following order, except to the extent otherwise required by law:

- (a) first, in payment of the Lender's reasonable costs, charges and expenses (including legal fees on a solicitor and his own client basis) incurred in the exercise of all or any of the rights, powers or remedies granted to it under this Agreement, and in payment of the reasonable remuneration of the Receiver, if any, and the reasonable costs, charges and expenses incurred by the Receiver, if any, in the exercise of all or any of the rights, powers or remedies granted under this Agreement;
- (b) second, in payment of amounts paid by the Lender or the Receiver pursuant to clause 10.1(a);
- (c) third, in payment of all money borrowed or advanced by the Lender or the Receiver, if any, pursuant to the exercise of the rights, powers or remedies set out in this Agreement and any interest thereon;
- (d) fourth, in payment of the remainder of the Obligations in such order of application as the Lender may determine;
- (e) fifth, subject to sections 11.2 and 11.3, to any Person who has a security interest in Collateral that is subordinate to that of the Lender and whose interest,
  - (i) was perfected by possession, the continuance of which was prevented by the Lender or the Receiver taking possession of Collateral, or
  - (ii) was, immediately before the sale, lease or other disposition by the Lender or the Receiver, perfected by registration;
- (f) sixth, subject to sections 11.2 and 11.3, to any other Person with an interest in such Proceeds who has delivered a written notice to the Lender or the Receiver of the interest before the distribution of such Proceeds; and
- (g) last, subject to sections 11.2 and 11.3, to the Borrower or any other Person who is known by the Lender or the Receiver to be an owner of the Collateral.

11.2 **Proof of Interest** The Lender or the Receiver may require any Person mentioned in clauses 11.1(e), 11.1(f) or 11.1(g) to furnish proof of that Person's interest, and unless the proof is furnished within ten days after demand by the Lender or the Receiver, the

Lender or the Receiver need not pay over any portion of the Proceeds referred to therein to such Person.

- 11.3 **Payment Into Court** Where there is a question as to who is entitled to receive payment under clauses 11.1(e), 11.1(f) or 11.1(g), the Lender or the Receiver may pay the Proceeds referred to therein into court.
- 11.4 **Monies Actually Received** The Borrower shall be entitled to be credited only with the actual Proceeds arising from the possession, sale, lease or other disposition of, or realization of security on, the Collateral when received by the Lender or the Receiver and such actual Proceeds shall mean all amounts received in cash by the Lender or the Receiver upon such possession, sale, lease or other disposition of, or realization of security on, the Collateral.
- 11.5 **Indemnity** The Borrower shall indemnify and save the Lender harmless from any and all costs, expenses, liabilities and damages which may be incurred by the Lender in connection with the Collateral and the enforcement of its rights hereunder, save only any costs, expenses, liabilities or damages resulting from any wilful misconduct or gross negligence by the Lender or its servants or agents.
- (a) **Limitations of Liability** The Lender shall not be liable by reason of any entry into or taking possession of any of the Collateral hereby charged or intended to be charged or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Borrower hereby releases and discharges the Lender and any Receiver appointed by the Lender from every claim of every nature, whether in damages or otherwise, which may arise or be caused to the Borrower or any person claiming through the Borrower by reason or as a result of anything done by the Lender or any successor or assign claiming through the Lender or the Receiver under the provisions of this Agreement unless the claim is as a result of wilful misconduct or gross negligence

## **Article 12 - GENERAL**

- 12.1 **Power of Attorney** The Borrower hereby appoints the Lender as the Borrower's attorney, with full power of substitution, in the name and on behalf of the Borrower, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Borrower has herein agreed to execute, deliver and do or as may be required by the Lender or any Receiver to give effect to this Agreement or in the

exercise of any rights, powers or remedies hereby conferred on the Lender, and generally to use the name of the Borrower in the exercise of all or any of the rights, powers or remedies hereby conferred on the Lender. This appointment, coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Borrower or for any other reason.

- 12.2 **Set-Off** The Lender may at any time and from time to time, without notice to the Borrower or to any other Person, set-off, appropriate and apply any and all deposits, general or special, matured or unmatured, held by or for the benefit of the Borrower by the Lender, and any other indebtedness and liability of the Lender to the Borrower, matured or unmatured, against and on account of the Obligations when due, in such order of application as the Lender may from time to time determine.
- 12.3 **Dealings with Others** The Lender may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges and otherwise deal with the Borrower, Borrowers of the Borrower, sureties and other Persons and with Collateral and other security as the Lender sees fit, without prejudice to the liability of the Borrower to the Lender or the rights, powers and remedies of the Lender under this Agreement.
- 12.4 **No Obligation to Advance** Nothing herein contained shall in any way obligate the Lender to advance any funds, or otherwise make or continue to make any credit available, to the Borrower.
- 12.5 **Perfection of Security** The Borrower authorizes the Lender to file such financing statements and other documents and do such acts, matters and things as the Lender may consider appropriate to perfect and continue the Security Interest, to protect and preserve the interest of the Lender in Collateral and to realize upon the Security Interest.
- 12.6 **Additional Continuing Security** This Agreement and the security interest, assignment and mortgage and charge granted hereby are in addition to, and not in substitution for, any other security now or hereafter held by the Lender and this Agreement and the security interest, assignment and mortgage and charge granted hereby shall continue and remain in full force and effect until discharged by the Lender.
- 12.7 **Discharge** Upon payment, performance and satisfaction in full of the Obligations and upon written request by the Borrower, the Lender shall, at the Borrower's expense, execute and deliver to the Borrower such documents as may reasonably be required to discharge the Security Interest created by this Agreement.

- 12.8 **Invalidity of Provisions** Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.
- 12.9 **Waiver, Amendment** Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.
- 12.10 **Communication** Any notice or other communication, including a demand or a direction, required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during or within three business days (which will exclude Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth business day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the business day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to a senior employee of the addressee at such address with responsibility for matters to which the information relates. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with the foregoing. Notice and other communications shall be addressed as follows:

(a) if to the Lender:

169 Lexington Court, Unit B-1, Waterloo, Ontario N2J 4R3

Attention: Ian Cook

Email: [icook@cookhomes.ca](mailto:icook@cookhomes.ca)

(b) if to the Borrower:

1515 Gordon Street, Suite 203 , Guelph, ON. N1L 1C9

Attention: Scott Reid

Email: scott@reidsproperties.com

Notwithstanding the foregoing, if the PPSA requires that a notice or other communication be given in a specified manner, then any such notice or communication shall be given in such manner.

- 12.11 **Successors and Assigns** This Agreement shall be binding on the Borrower and its successors and shall enure to the benefit of the Lender and its successors and assigns. This Agreement shall be assignable by the Lender free of any set-off, counter-claim or equities between the Borrower and the Lender, and the Borrower shall not assert against an assignee of the Lender any claim or defense that the Borrower has against the Lender.
- 12.12 **Governing Law and Attornment** This Agreement 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 Borrower hereby irrevocably attorns to the jurisdiction of the courts of Ontario.
- 12.13 **Counterparts and Electronic Signature** This Agreement may be executed (including by electronic means) in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one (1) and the same Agreement; and may be transmitted and delivered by electronic transmission. Any such delivery of this Agreement so executed shall be deemed to be the equivalent of the delivery of an executed original of this Agreement. The parties consent and agree to the use of electronic signatures pursuant to the Electronic Commerce Act, 2000 as amended from time to time with respect to the execution of this Agreement.
- 12.14 **Copy Received** The Borrower hereby acknowledges receipt of a copy of this Agreement and a copy of the financing statement/verification statement registered under the PPSA in respect of the Security Interest.

*(The signature page immediately follows.)*

**IN WITNESS WHEREOF** the Borrower has executed this Agreement as of the date first written above.

**RHH RENTAL PROPERTIES LTD.**

By:

DocuSigned by:  
*Scott Reid*

CE30E432D7D4442...

\_\_\_\_\_  
Scott Reid, President

***THIS IS EXHIBIT "C" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***

A handwritten signature in black ink, appearing to be 'J. R.', written over a horizontal line.

---

***A Commissioner Etc.***

July 6, 2023

West Haven Limited  
1515 Gordon Street, Suite 203,  
Guelph, Ontario, N1L 1C9

**Attention: Todd Neill**

Dear Sirs:

**RE: West Haven Limited  
28 Westhill Drive, Waterloo, ON**

---

First National Financial LP (the “**Lender**”) is pleased to offer a first mortgage loan (the “**Loan**”) to West Haven Limited (the “**Borrower**”) on the terms and conditions set out in this letter (the “**Commitment**”).

1. **Loan Amount**

Up to a maximum of \$34,748,200.00 which includes the CMHC application fee of \$17,200.00 and mortgage insurance premium of \$681,000.00.

2. **Purpose**

To provide construction financing (the “**Construction Loan**”) for a 4 storey apartment building, having 86 apartment units and parking for at least 122 cars (the “**Project**”) located on the lands municipally known as 28 Westhill Drive, Waterloo, ON (the “**Property**”) and thereafter, at the Lender’s option, to convert the Construction Loan to term financing for the Project (the “**Term Loan**”).

3. **Interest Rate**

(a) **Construction Loan**: See Schedule 3 (the “**Floating Rate**”).

(b) **Term Loan**: See Schedule 3 (the “**Fixed Rate**”).

“**Interest Rate**” shall mean (a) during the Construction Period, the Floating Rate and (b) during the Term Period, the Fixed Rate.

4. **Term**

(a) **Construction Loan**

The term of the Construction Loan shall commence on the Construction Interest Adjustment Date and shall end on the earlier to occur of (i) the date

which is 24 months from the Construction Interest Adjustment Date, (ii) the Term Interest Adjustment Date and (iii) August 01, 2025 (the “**Construction Period**”).

(b) Term Loan

The term of the Term Loan shall commence on the Term Interest Adjustment Date and shall end on the date which is <sup>10</sup>~~8~~ Years from the Term Interest Adjustment Date (the “**Term Maturity Date**”) (the “**Term Period**”).



At the Lender's option, it may extend the Term Period so that it matures up to 12 months later than the Term Maturity Date specified herein. If the Lender chooses to exercise this option it may do so by delivering written notice to the Borrower within 12 months of the Term Interest Adjustment Date. While the Lender may request the Borrower to acknowledge the extension, the Borrower's failure to do so shall not invalidate the extension.

5. Amortization

(a) Construction Loan

Not applicable (Interest only).

(b) Term Loan

45 Years (the “**Amortization Period**”).

6. Conversion of Construction Loan to Term Loan

At the Lender’s option, conversion from the Construction Loan to the Term Loan shall be deemed to occur on the Term Interest Adjustment Date. Without limiting the foregoing, if the conditions precedent to the conversion to the Term Loan as set out in Section 16(A), and the making of the final advance of the Construction Loan, as set out in Schedule 6, have not been satisfied by the end of the Construction Period, the Lender shall have no obligation to convert the Loan to a Term Loan.

Upon conversion from the Construction Loan to the Term Loan, the Mortgage shall be amended to extend the Mortgage for the Term Period and the Mortgage shall be deemed to be amended as of the Term Interest Adjustment Date (whether or not a formal amending agreement is executed).

7. Interest Adjustment Date

(a) Construction Interest Adjustment Date

The interest adjustment date of the Construction Loan (the “Construction Interest Adjustment Date”) shall be the first day of the calendar month immediately following the first advance of funds under the Construction Loan. If this date is the first day of the month, then in that case that date will be the Construction Interest Adjustment Date.

(b) Term Interest Adjustment Date

The interest adjustment date of the Term Loan (the “Term Interest Adjustment Date”) shall be the first day of the calendar month immediately following the later of (i) the date of the final advance of the Construction Loan and (ii) the date of release of all construction lien holdbacks under the Construction Loan. If this date is the first day of a month, then in that case that date will be the Term Interest Adjustment Date.

8. Repayment

- (a) Construction Period: Interest only. Interest shall accrue from the date of the first advance of the Construction Loan and will be payable monthly in arrears on the first day of each month during the Construction Period, or, at the Lender’s option may be deducted from advances. The first payment shall be made on the first day of the month following the Construction Interest Adjustment Date and payments shall continue on the first day of each and every month thereafter until the end of the Construction Period. If the final construction advance has not been made by the end of the Construction Period, all principal, interest, and other monies owing in respect of the Construction Loan shall become immediately due and payable at the end of the Construction Period.

Notwithstanding the foregoing, at its sole option the Lender may demand payment in full of all monies outstanding at any time prior to the end of the Construction Period.

- (b) Term Period: Equal blended instalments of principal and interest based on the Amortization Period shall be payable in arrears on the first day of each month during the Term Period, the first instalment being payable on the first day of the month after the Term Interest Adjustment Date and on the first day of each and every month thereafter until the Term Maturity Date.

From the date the Fixed Rate is set in accordance with Schedule 3 until the Term Interest Adjustment Date, the Borrower shall continue to pay interest at the Floating Rate.

9. Prepayment

During the Construction Period, the Borrower shall have the right to prepay the Construction Loan in whole (but not in part) without notice, penalty or bonus, provided

such prepayment is made on a payment date. During the Term Period, there shall be no right of prepayment of the Term Loan in whole or in part whether or not a yield maintenance fee or any other premium is paid.

10. **Realty Taxes**

The parties acknowledge and agree that, during the Construction Period, property taxes shall be included as an item in the construction budget, subject to verification by a cost consultant acceptable to the Lender. During the Construction Period, no amounts shall be paid to the Lender for property taxes and the Borrower will pay property taxes directly to the appropriate taxing authorities.

The Borrower will pay to the Lender on the first day of each month an amount stipulated by the Lender from time to time sufficient to provide a fund to pay in full the annual property taxes (including any local improvement charges) for the Property (as hereinafter defined) at the time that the first instalment of taxes for each year becomes due, based on estimated annual taxes and subject to adjustment based on taxes actually levied. At the Lender's option, it may withhold from any advance of funds under the Construction Loan a sum sufficient to create the foregoing fund.

Notwithstanding the foregoing, the Lender will conditionally waive the foregoing requirement to pay taxes directly to the Lender, on a year-to-year basis provided that:

- (a) there has been no default under the Mortgage and the Borrower continues to perform and observe all the conditions and obligations on its part to be performed pursuant to the Mortgage and other Security Documents;
- (b) receipts are received by the Lender from the appropriate taxing authorities showing that all taxes have been paid in full on or before their respective due dates, within thirty (30) days after each payment due date;
- (c) West Haven Limited continues to be the registered owner of the Property; and
- (d) there has been no adverse change, in the Lender's sole and absolute discretion, in the financial condition of the Property or the Borrower.

This waiver will be reviewed annually by the Lender during the Term Period and the Lender may decline to renew same in its sole discretion. In addition, the waiver may be withdrawn at any time by the Lender if the foregoing provisions are not met. In either of such events the monthly collection of taxes by the Lender pursuant to the terms of the Mortgage shall re-commence immediately, with retroactive effect to the extent necessary to cover any tax arrears.

If the Lender does not receive receipts showing payment of taxes in full within the 30-day period after each payment due date, the Lender may, but shall not be obligated to, obtain information respecting same from the appropriate taxing authority at the

Borrower's expense. In addition, the Borrower shall pay a \$200.00 administration fee to the Lender each time the Lender obtains such information from the taxing authority.

11. **Processing Fee**

The Borrower shall pay to the Lender upon the acceptance of this Commitment a non-refundable loan processing fee of \$347,500.00.

12. **Commitment Fee**

The Borrower shall pay to the Lender upon the acceptance of this Commitment, a commitment fee of \$347,500.00 (the "**Commitment Fee**") by certified cheque. Upon disbursement of the first construction advance the Commitment Fee shall be returned to the Borrower, without interest. In the event this Commitment is cancelled by the Lender in accordance with its rights hereunder, the Commitment Fee shall be retained by the Lender as liquidated damages, and not as a penalty, without prejudice to the right of the Lender to claim such further and other damages as it may sustain by reason of the occurrence of any of the events detailed in the Section of this Commitment headed "Cancellation of Commitment". It is agreed that the Commitment Fee represents the reasonable cost of the Lender's work and expenses in underwriting the Loan and that it is not a penalty.

13. **Security**

The following security shall be required for the Loan:

- (a) a first in priority mortgage and charge (the "**Mortgage**") of the fee simple interest of the Borrower in the lands and improvements comprising the Property;
- (b) a first in priority general assignment of rents and/or leases of the Property;
- (c) a first in priority general security agreement over all the Borrower's present and after-acquired personal property located on, related to, arising from or used or acquired in connection with the Property including, without limitation, all the Borrower's records and computer hardware and software related to the Project;
- (d) a first in priority specific assignment of any lease (including any guarantee and/or indemnity related thereto) required by the Lender together with an acknowledgment of same by the tenant thereunder if so required by the Lender;
- (e) if required by the Lender, a specific assignment of the Construction Management Contract for the Project acknowledged by the construction manager;
- (f) a general assignment of the Borrower's interest in all material contracts related to the Project, including without limitation, all architectural, engineering and other consultant agreements, all municipal and other governmental agreements and in all

plans, specifications, drawings, permits and approvals relating to the construction and development of the Project. The Lender may require specific assignments of any of the foregoing if it deems it advisable and may also require acknowledgements or consents with respect to the foregoing assignments;

- (g) a Guarantee and Postponement of Claim from

RHH Rental Properties Ltd.  
1021294 Ontario Limited

(the “**Additional Covenantors**”) who shall be jointly and severally liable with the Borrower for all obligations of the Borrower under the Mortgage, all other security collateral thereto and this Commitment to a maximum of 100.00% of the Loan (including principal, interest and costs incurred for recovery or preservation of the Property)

(**WARNING:** If the Additional Covenantors are the beneficial owners of the Property - i.e. the Borrower holds the property as nominee/trustee for the Additional Covenantors - then CMHC may require that the liability of the Additional Covenantors be unlimited)

- (h) a cost overrun and completion guarantee from the Borrower and each Additional Covenantor on a joint and several basis agreeing to fund all costs in excess of forecast and approved expenditures, which guarantee shall be in addition to and shall not reduce liability under the Guarantee required under subsection (g) of this Section;
- (i) an agreement amending the Mortgage to reflect the provisions governing the Term Loan, if required by the Lender;
- (j) any additional security required pursuant to other provisions of this Commitment; and
- (k) such further security as the Lender may reasonably require

(the documents in (a) through (k) above being herein referred to as the “**Security Documents**”). The Security Documents shall be prepared by the Lender’s counsel in form and content determined by the Lender.

#### 14. **Special Construction Conditions**

- (a) **Interim Bridge Facility**

Pending receipt of the CMHC Certificate of Insurance and Special Conditions issued in relation to the Loan, the Lender shall provide the Borrower with an interim

bridge loan up to a maximum amount of \$29,770,000.00, but in any event not to exceed the lesser of (A) 73% of the appraised value of the completed Project and (B) 80% of construction costs (hereinafter the “**Interim Bridge**”) to be used by the Borrower to provide funds to proceed and/or continue with construction of the Project. The Interim Bridge advanced on the terms and conditions set out in this Commitment applicable to the Construction Loan (with all references to the Construction Loan being read as references to the Interim Bridge, with necessary modifications as the context requires), save and except that the Interim Bridge shall be subject to the following specific terms and conditions:

- (i) During the first 6 months of the term, draws under the Interim Bridge will not exceed \$19,308,075.00. Thereafter, the Lender may increase availability of draws to the maximum amount of the facility determined in accordance with Section 14(a) above, subject to the Lender’s discretion.
- (ii) The term of the Interim Bridge shall be 24 months from the Interest Adjustment Date, plus or minus the number of days required, if any, so that the term ends on the first day of the month and shall be open to prepayment in whole without notice, penalty or bonus.
- (iii) The Interim Bridge shall bear an interest rate of greater of (A) the Prime Rate plus 2% and (B) the floor rate of 8.95%.

“**Prime Rate**” means the annual rate of interest announced from time to time by Royal Bank of Canada during the period when interest based upon the Prime Rate accrues hereunder, as a reference then in effect for determining interest rates on Canadian dollar commercial loans made in Canada.

- (iv) The Lender’s processing fee for the Interim Bridge shall be the equivalent 0.50% of the available amount of the facility and shall be due and payable as follows (A) \$96,540 upon the first advance under the Interim Bridge and (B) upon the approval of the increase of the Interim Bridge in accordance with Section 14(a)(i) the balance thereof, being 0.50% of the increased amount of the facility.
- (v) During its term, prior to its maturity, the Interim Bridge shall be payable on an interest-only basis.

#### Borrower’s Equity and Cost Overruns

- (b) Prior to the first advance of the Construction Loan, the Borrower shall demonstrate to the Lender’s satisfaction that it has invested equity in the Project of not less than \$5,849,553.00 (including land value). The Construction Loan is being advanced on a cost to complete basis not to exceed \$39,899,553.00. If at any time the budgeted

cost to complete the Project exceeds the unadvanced amount of the Construction Loan, the Borrower shall pay for the continuing work directly as any payments therefor fall due until such time as the cost to complete is less than the unadvanced amount of the Construction Loan.

- (c) At any time during the term of the Construction Loan until conversion to the Term Loan, the Borrower shall, upon the Lender's request, demonstrate to the Lender's satisfaction (in its sole discretion) that the projected net operating income for the Property is sufficient to meet a minimum debt service coverage ratio set by CMHC for the Loan based on the then-prevailing interest rates determined by the Lender and available under CMHC's standard underwriting criteria at the time. If, at any time, the projected net operating income for the Property is insufficient to meet CMHC's then-applicable criteria (due to factors including, but not necessarily limited to, interest rate volatility in the market and/or reductions in projected rents), the Borrower and/or Additional Covenantors will immediately make, upon the Lender's written request to do so, an injection of equity into the Project in order to ensure the then-projected net operating income for the Property meets CMHC's minimum debt service coverage ratio. For reference, CMHC's current standard criteria in relation to the Loan include the maintenance of a minimum 1.10x debt service coverage based on a 45 Years amortization at a 4.25% interest rate. For clarity, a request to demonstrate compliance with this provision may be made by the Lender at any time during the Construction Period, but no more frequently than once per month.
- (d) Notwithstanding the anticipated maximum Loan Amount of \$34,050,000.00 as stipulated in the CMHC Certificate of Insurance (excluding the CMHC application fees and mortgage insurance premium), during the Construction Period, (i) the Construction Loan will be reduced to a maximum of \$29,770,000.00 (excluding the CMHC application fees and mortgage insurance premium) as calculated using the underwriting provision in section 14 (c) of this Commitment and prior to the first advance of the Construction Loan, the Borrower shall demonstrate to the Lender's satisfaction that it has invested equity in the Project of not less than \$10,129,553.00 (including land value), and (ii) the Borrower acknowledges and agrees that the Lender may at any time during the Construction Loan until conversion to the Term Loan further reduce the Construction Loan amount and require that the Borrower demonstrate that it has made a further equity investment in the Project in an amount determined in accordance with the underwriting provisions of section 14(c).

#### Construction Budget and Construction Schedule

- (e) The Borrower shall provide the Lender with a construction schedule and construction budget for its review and approval. The construction budget shall include soft costs, and the cost of each item of the Project. The Borrower will obtain the Lender's prior written approval to any material amendment to the construction schedule or construction budget. A material amendment means any single amendment that increases the cost of constructing the Project by an amount

exceeding \$250,000.00 (or any series of amendments that, in the aggregate, increases the cost of constructing the Project by an amount exceeding \$250,000.00).

Project Monitor

- (f) The Borrower shall retain a quantity surveyor or quantity surveying firm (the “**Project Monitor**”) who is acceptable to the Lender and who shall act on behalf of the Lender and report directly to the Lender during the construction of the Project. The Project Monitor shall maintain errors and omissions insurance satisfactory to the Lender. All costs of the Project Monitor are for the account of the Borrower and may be deducted from any advances, at the Lender's sole option.

Duties of the Project Monitor include, but are not limited to, the following:

- (vi) conducting an initial project review incorporating the following functions:
- (A) reviewing the plans and specifications for the Project in conjunction with the project architect and confirming they are adequate to enable completion of the Project, that they are in line with industry norms and that as described in the plans and specifications the Project complies with all applicable zoning and other government requirements;
  - (B) confirming the construction contracts are in line with industry norms;
  - (C) confirming the construction budget, including hard and soft costs, appears to be adequate to complete the Project in accordance with the plans and specifications and is in line with industry norms;
  - (D) confirming that the soft costs and contingency and interest reserves appear to be adequate based on the construction schedule;
  - (E) confirming that the construction schedule is reasonable and attainable;
  - (F) confirming that the Borrower's construction draw schedule is adequate and consistent with the time period allocated for construction of the Project;
  - (G) confirming and verifying the realty taxes for the property which shall be included in the construction budget;
- (vii) confirming that the Borrower has invested equity in the Project as required hereunder;

- (viii) reviewing any material changes to the original plans and specifications, construction budget and/or construction schedule and advising the Lender in respect of same;
- (ix) approving the amounts to be advanced under the Construction Loan as requested by the Borrower from time to time;
- (x) reviewing invoices and statutory declarations from major trades related to the Project prior to each advance to ensure previous loan advances have been used to pay outstanding invoices and that all major trades have been paid. At the Lender's option, a review of cancelled cheques related to the Project may be required to confirm these payments have been made;
- (xi) certifying on each advance that contingencies are maintained in an amount no less than 5.00% of remaining hard costs to completion and 5.00% of remaining soft costs to completion;
- (xii) certifying on each advance under the Construction Loan that the Project is being completed in accordance with the approved plans and specifications, construction budget and construction schedule, setting out the value of the work completed to date and the cost to complete the Project and certifying that all moneys advanced by the Lender to date have been used for the Project and that all major trades have been paid to date;
- (xiii) conducting monthly site inspection prior to every draw request, including photographs and commentary on all work-in-place and the status of the Project; and
- (xiv) certifying on the final advance of the Construction Loan that the Project has been completed in accordance with the approved plans and specifications, the construction budget and the construction contracts.

The Project Monitor shall provide written reports to the Lender in respect of the foregoing setting out his professional opinion on same and on any other matters related to the Project within the ambit of his professional expertise and requested by the Lender.

#### Construction advances

- (g) Minimum Draw Size and Holdbacks
  - (i) Advances shall be made from time to time during the Construction Period, in amounts of not less than \$500,000.00 per advance, during the course of construction of the Project, based on the progress of construction. Advances are to be made no more frequently than once per calendar month. Each request for an advance shall be in writing signed by the Borrower and shall be accompanied by a certificate of the Project Monitor addressed to the

Lender setting out the value of the work completed to date, the estimated cost to complete the Project and certifying that construction to date has been carried out in accordance with the plans and specifications approved by the Lender. The amount of each advance shall not exceed the difference between (i) the value of the work completed to date as certified by the Project Monitor and (ii) the portion of the Construction Loan amount previously advanced (inclusive of construction holdbacks) plus the Borrower's equity contribution, provided that at all times there shall be a sufficient portion of funds available for further progress advances of the Construction Loan, exclusive of applicable construction lien holdbacks, to cover the cost of completion of the Project as certified by the Project Monitor. All cost overruns shall be funded by the Borrower prior to the next following request for advance.

- (ii) There shall be held back from each advance of the Construction Loan an amount sufficient to protect the priority of the Lender's security under any applicable construction or builder's lien legislation. These holdbacks shall be released when the time within which liens related to the construction of the Improvements may be claimed has expired, and no claims with respect to same remain outstanding. In this regard, the Borrower shall publish the dates/certificates of substantial and final completion of the Project in the manner provided in any applicable construction or builder's lien legislation.
- (iii) In addition to any CMHC advance fees, the Borrower shall pay to the Lender a draw processing fee of \$750.00 for each advance of funds under the Construction Loan, which amount may, at the Lender's option, be deducted from such advance.

#### Social Outcome Covenant

- (h) The Borrower acknowledges that it is a condition of the Loan that the Project comply with, and hereby agrees that at all relevant times the Project will comply with, the social outcome criteria and other terms and conditions outlined in relation to the Social Outcome Covenant (as defined and more particularly set out in Schedule 8 as well as the CMHC Certificate of Insurance and Special Conditions issued in relation to this Loan), which covenant shall expressly be included in the Mortgage registered on title to the Property. The Borrower shall maintain books and records to support confirmation of compliance with such social outcome criteria, shall give the Lender and/or CMHC access to such books and records during regular business hours on ten (10) days' notice, and shall provide the Lender and/or CMHC with documentation confirming and evidencing such compliance from time to time in accordance with the terms and conditions of the CMHC Certificate of Insurance and Special Conditions issued in relation to this Loan, including, without limitation, a signed attestation that the Project meets or exceeds the Energy Efficiency Criteria and Accessibility Criteria (as defined and more particularly set out in Schedule 8 as well as the CMHC Certificate of Insurance and

Special Conditions) within 60 days of the date of the final advance under the Loan. Any failure to comply with the provisions of this Commitment related to the Social Outcome Covenant shall constitute a default under the Security Documents which shall entitle the Lender to exercise all of its rights and remedies for default thereunder. For the avoidance of doubt, the foregoing provision is not personal to West Haven Limited and will apply to and bind any transferee of the Property and assumer of the Mortgage.

(i) **Pari-Passu Mortgage**

Upon request by the Borrower, the Lender may, upon CMHC approval and at its sole option, fund an additional CMHC insured loan, which shall be secured by an additional mortgage in favour of the Lender against the Property, and shall rank pari passu with the Mortgage (the "**Pari Passu Mortgage**").

Each of the Mortgage and the Pari Passu Mortgage shall contain cross-default language whereby an event of default under the Mortgage shall constitute an event of default under the Pari Passu Mortgage and vice versa. The Borrower shall execute and deliver such further documentation and enter into such other agreements as the Lender may deem necessary with respect to the Pari Passu Mortgage or cross-default between the Pari Passu Mortgage and the Mortgage.

15. **Conditions Precedent to Funding the First Advance**

On or before the first advance under the Construction Loan, the following conditions shall have been satisfied.

- (a) All of the pre-conditions to funding set out in Section 14 and Schedule 5 shall have been satisfied by the Borrower or waived by the Lender.
- (b) The executed Security Documents shall have been delivered and registered with the priority required herein at all appropriate registration offices.
- (c) The Lender shall have been provided with an appraisal report for the Property addressed to it, prepared by an appraiser acceptable to the Lender and setting out a market value for the Property which is satisfactory to the Lender.
- (d) If required by the Lender, delivery of and satisfactory review of financial statements of the Borrower and of any corporate Additional Covenantor, 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; in the case of an individual Borrower or Additional Covenantor, net worth statements may be supplied in lieu of financial statements.

- (e) The Lender shall have received an environmental site assessment for the Property addressed to it, prepared by an environmental consultant acceptable to it and confirming to the Lender's satisfaction that there are no hazardous substances on or about the Property and that the Property complies with all environmental laws. Contractual provisions limiting damage to the cost of the report or any similar provisions will not be accepted by the Lender. The assessment must be completed by a firm with professional liability insurance of no less than \$1.0 million. The Lender shall also receive a review and approval of the Borrower's environmental site assessment by the Lender's environmental consultant, at the Borrower's expense (\$150 plus applicable taxes, per report)

The Security Documents shall contain representations, warranties and covenants and an indemnity with respect to environmental matters, all as set out in Schedule 1 hereto.

- (f) The Lender shall have received a certificate of the project architect addressed to it confirming that the proposed use of the Project and the plans and specifications therefor comply with all applicable municipal and other governmental zoning and land use by-laws and regulations.
- (g) The Lender shall have received a geotechnical survey for the Property prepared by an engineer acceptable to the Lender setting out the results of his geotechnical investigation of the Property which survey shall be satisfactory to the Lender.
- (h) The plans and specifications for the Project and any material amendments thereto from time to time shall have been approved by the Lender.
- (i) The Lender shall have reviewed and approved the construction contracts for the Project. If the construction of the Project is to be completed on a construction management basis either internally or by a third party, the construction manager and the construction management contract must be approved by the Lender and it shall be a requirement that a minimum of 66-<sup>2</sup>/<sub>3</sub>% of the budgeted hard costs (including but not limited to structural, mechanical, electrical, forming and concrete) shall be subject to fixed price contracts with trade contractors acceptable to the Lender and which contracts are in a form acceptable to the Lender.

In the event that construction of the Project is to be completed pursuant to a fixed price construction contract entered into with a general contractor, such general contractor and the construction contract must be approved by the Lender. Any construction management contract and/or fixed price construction contracts must be entered into with parties who are at arms length from the Borrower and any beneficial owner of the Property.

- (j) The Lender shall have received and approved all material agreements in respect of construction of the Project.
- (k) Work shall have begun on the Project.

- (l) Delivery of certified copies of the property, liability and other insurance policies in compliance with the insurance requirements hereinafter set out and the review and approval of same by the Lender's insurance consultant at the Borrower's expense (\$375.00 plus applicable taxes).
- (m) **Within seven (7) Business Days** of the Committed Date, delivery of a complete and accurate organizational chart for each Borrower, Additional Covenantor and beneficial owner (if different from the Borrower) showing the full legal name (and any French versions of the name), ownership (showing number and classes of securities and percentage ownership) and date and jurisdiction of incorporation, amalgamation or formation, as applicable. **The organizational chart(s) should be reviewed by your solicitor or accountant for accuracy as incorrect information can result in unnecessary delays and increased legal costs.**
- (n) Delivery of a building location survey/certificate of location for the Property prepared by a licensed surveyor and satisfactory to the Lender. In the Lender's discretion, this condition may be satisfied by the delivery of the Title Insurance policy described herein.
- (o) Title to the Property shall be satisfactory to the Lender and all realty taxes, local improvement charges and rates in respect of the Property shall have been paid. In the Lender's discretion, this condition may be satisfied by the delivery of the Title Insurance policy described herein.
- (p) The Lender shall be satisfied that the Property complies with all applicable building and zoning by-laws, that the use of the Property is in compliance with all applicable legislation, including the applicable Fire Code and that there are no outstanding work orders, deficiency notices, directives, investigations or the like with respect to the Property. In the Lender's discretion, this condition may be satisfied by the delivery of the Title Insurance policy described herein.
- (q) The Lender shall have received certified or notarized copies of the constating documents of the Borrower, a government issued certificate confirming that the Borrower is in good standing and an opinion from the Borrower's counsel addressed to the Lender confirming both the Borrower's capacity to grant the security required herein and the due authorization, execution and delivery of the Security Documents and their enforceability, in form and content satisfactory to the Lender. Similar documentation and a similar opinion shall also be delivered for each corporate Additional Covenantor.
- (r) The Borrower shall have delivered to the Lender the executed "pre-authorized payment" documents hereinafter required.
- (s) The Borrower shall have delivered to the Lender the completed Loan Information Form appended hereto as Schedule 4 including, without limitation, if the Loan is

financing a purchase the requisite confirmation of the source of the Borrower's downpayment as described in the Appendix to the said Schedule.

- (t) Required From CMHC Prior To Funding of First Advance
  - (i) The Lender shall have received from CMHC its approval of this Commitment;
  - (ii) CMHC shall have issued a Certificate of Insurance, in form and content satisfactory to the Lender, insuring the full amount of the Loan and such Certificate of Insurance shall be in full force and effect on the date of each disbursement;
  - (iii) all conditions, requirements and provisions contained in the CMHC Certificate of Insurance and Special Conditions (which are hereby incorporated herein and form part of this Commitment) shall have been, and shall at all relevant times continue to be, satisfied in full, and, for the avoidance of doubt, the Borrower shall have provided evidence to the Lender, in accordance with CMHC's prescribed documentation requirements, that the Project will comply with the social outcome criteria outlined in relation to the Social Outcome Covenant; and
  - (iv) the Lender shall have received prior to any disbursement of all or part of the Loan the written authorization of CMHC to make the disbursement.
- (u) A commercial lenders' title insurance policy from First Canadian Title or Chicago Title Insurance Company Canada in a form satisfactory to the Lender and its solicitors will be required. The Borrower will be responsible for the cost of the title insurance policy.
- (v) Such financial and other information, statements and documentation as the Lender may reasonably require in connection with the underwriting or closing of the Loan shall have been delivered to it and all other requirements of this Commitment shall have been satisfied.

All conditions precedent to funding expressed herein are for the sole benefit of the Lender and may be waived at its option. The Borrower shall do everything necessary to meet all such conditions precedent.

**16. Conditions Precedent to Each Subsequent Construction Advance**

On or before any subsequent Construction Loan advance, the following conditions shall have been satisfied by the Borrower:

- (a) All conditions precedent to funding set out in Sections 14 and 15 shall have been satisfied;

- (b) All conditions to advances as detailed in Schedule 5 shall have been satisfied; and
- (c) Prior to the final advance under the Construction Loan, the Borrower shall have satisfied the conditions precedent set out in Schedule 6 or the Lender shall be satisfied, in its sole discretion, that the outstanding conditions precedents will be satisfied by the Borrower.

All conditions precedent to advances expressed herein are for the sole benefit of the Lender and may be waived at its option. The Borrower shall do everything necessary to meet all such conditions precedent.

**(A) Conditions Precedent to the Conversion of the Term Loan**

The conversion of the Construction Loan to the Term Loan shall be conditional on the Borrower having satisfied the conditions precedent set out in Schedule 6.

All conditions precedent to advances expressed herein are for the sole benefit of the Lender and may be waived at its option. The Borrower shall do everything necessary to meet all such conditions precedent.

**17. Holdbacks**

Under no circumstances will the Lender be obliged to release lien holdbacks under the Construction Loan until such time as:

- (a) construction of the Project has been certified as fully completed in accordance with the plans and specifications provided to, and approved by, the Lender; and
- (b) the statutory period for registration of liens has expired, with no liens having been registered or notice of liens given, or if liens have been registered or notice thereof given, the Borrower has obtained the discharge, release, vacation or withdrawal of all such liens as the case may be.

**18. Leases**

Prior to the Term Interest Adjustment Date in the case of residential leases the Lender shall approve the Borrower's standard form of lease and the Borrower shall not amend same without the Lender's consent. In the case of non-residential leases, the Lender shall have the right to approve all future tenants and the terms of any future lease which would produce more than 15% of the then current gross revenue from the Property.

**19. Property Management**

The Lender shall have the right to require the Borrower to retain professional property management for the Property satisfactory to the Lender for the Term Period. The Lender shall also have the right to approve the terms and conditions of the management agreement. Any change in the management of the Property shall require the prior written

approval of the Lender, both as to manager and the terms and conditions of the management agreement.

20. **Insurance**

The Borrower will comply with the insurance requirements set out in Schedule 2 hereto.

21. **Financial Reporting**

Within 120 days of the end of each of its fiscal years, or if the Borrower is an individual, each calendar year, or more often if requested by the Lender, the Borrower shall provide to the Lender:

- (a) notice to reader financial statements of the Borrower and, if so requested by the Lender, of any Additional Covenantor, 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; in the case of an individual Borrower or Additional Covenantor, net worth statements may be supplied in lieu of financial statements;
- (b) management prepared financial statements in respect of the Property, including a Balance Sheet and supporting schedules and a detailed Statement of Income and Expenditures and supporting schedules;
- (c) a leasing report and current rent roll for the Property, in form and with content satisfactory to the Lender and such supporting copies of leasing documentation, as may be required by the Lender; and
- (d) if so requested by the Lender, a budget for the Property for the next fiscal year, forecasting both operating income and expenses and capital expenditures.

Each Borrower and Additional Covenantor hereby authorizes the Lender to obtain such financial information from third parties respecting it or him as the Lender may require and covenants to deliver any further financial information requested by the Lender.

If the Borrower does not deliver the aforesaid items within the requisite time period, the Lender shall be entitled to charge an administration fee of \$150.00 for every month or part thereof that the items or any of them remain outstanding.

22. **Due on Sale, Change of Control etc.**

If:

- (a) the Borrower or, if different from the Borrower, the beneficial owner of the Property directly or indirectly sells, conveys, transfers or otherwise disposes of its interest in the Property or any part thereof or agrees to do so;

- (b) there is a change in the direct or indirect effective voting control of the Borrower or the beneficial owner or more than 25% of the voting shares/units of the Borrower or the beneficial owner are transferred, unless the Borrower or the beneficial owner, as the case may be, is a publicly traded entity (as hereinafter defined); or
- (c) the Borrower or the beneficial owner amalgamates or merges;

without the prior written consent of the Lender being obtained, such consent not to be unreasonably withheld, then the Lender may, at its option, declare forthwith due and payable the entire balance of the unpaid principal together with accrued and unpaid interest due thereon. The decision to accelerate the Loan shall be at the sole option of the Lender. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. A “publicly traded entity” means an entity whose shares/units are listed and traded on a recognized stock exchange in Canada or the United States.

The Borrower will provide reasonable notice to the Lender of any anticipated or impending transaction which would require the consent of the Lender under this Section together with such reasonable information as the Lender may require to determine whether or not to grant its consent thereto.

23. **Changes and Alterations**

Any major changes, additions, and/or alterations contemplated to the Project or any other part of the Property, including major changes in use and/or any proposed use of the Project or any other part of the Property as a hotel or similar type of accommodation, must receive the Lender’s written consent prior to the commencement of the changes, additions and/or alterations. If the Borrower changes and/or alters the Project or the Property or its use without the prior written consent of the Lender being obtained, then the Lender may, at its sole option, declare forthwith due and payable the entire balance of the unpaid principal together with the accrued interest due thereon. The Borrower will provide reasonable notice to the Lender of any anticipated or impending transaction which would require the consent of the Lender under this Section together with such reasonable information as the Lender may require to determine whether or not to grant its consent thereto.

24. **No Further Encumbrances**

The Borrower shall not, without the Lender’s prior written approval, which may be withheld in its sole discretion, further charge or otherwise encumber the Property or any interest therein.

25. **Representation and Warranty**

The Borrower and each Additional Covenantor, if any, represent and warrant to the Lender that all information and material submitted and all representations made to the

Lender by the Borrower and/or any Additional Covenantor are true, complete and accurate and each of the foregoing parties acknowledges that the Lender has relied on such information, material and representations in approving the Loan. Any breach of this representation and warranty shall constitute a default under the Security Documents which shall entitle the Lender to exercise all its rights and remedies for default in payment thereunder.

26. **Cancellation of Commitment**

At the sole option of the Lender, this Commitment may be cancelled and there shall be no obligation to disburse the Loan if:

- (a) due to the failure, for any reason, of the Borrower or any Additional Covenantor to satisfy any of the provisions or requirements hereof, the Lender has not been willing or able to disburse the initial advance under the Loan on or before December 01, 2023 (the “**Close Out Date**”);
- (b) the Borrower or any Additional Covenantor is in breach of any provision, representation or warranty herein;
- (c) in the sole opinion of the Lender there is a material adverse change in the position, financial or otherwise, of the Borrower or any Additional Covenantor from that represented to the Lender as at the date hereof;
- (d) in the sole opinion of the Lender there has been a material adverse change in the condition of the Property or in the actual or anticipated revenues therefrom from that existing at the date hereof;
- (e) in the opinion of the Lender, in its sole discretion, there has occurred any change in financial market conditions or applicable laws which would materially and adversely affect the Lender’s ability to sell or securitize the Loan profitably in a secondary market transaction;
- (f) the Borrower is acquiring the Property coincident with the making of this Loan and the purchase price represented to the Lender for the acquisition is higher than the actual purchase price to be paid by the Borrower on closing of the acquisition;
- (g) the results of the Lender's due diligence investigations regarding the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) are not wholly satisfactory to the Lender, in its sole discretion, or the Borrower or any Additional Covenantor fails to provide all information required by the Lender pursuant to the said Act; or
- (h) in the sole opinion of the Lender the Borrower is not proceeding with the construction of the Project or the achievement of the pre-conditions to funding in a timely manner;

- (i) any situation exists which would constitute a default hereunder or under any of the Security Documents.

If at any time before the entire Loan Amount has been disbursed, any of the above-described situations exist, the Lender may, at its sole option, close out the Loan Amount at the amount then disbursed, if any, and in such event, also at the sole option of the Lender, all monies outstanding under the Loan shall become immediately due and payable.

**PLEASE NOTE THAT ALL PRE-FUNDING DELIVERIES** required to be made to the Lender, including without limitation all corporate documents and any documentation requested by the Lender to ensure compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, must be received by the Lender a minimum of three (3) Business Days prior to funding. If this time frame is not met, the funding date and/or the Close Out Date may at the option of the Lender be moved out accordingly.

27. **Liens**

On each disbursement date, there shall have been full and complete compliance with all requirements of the applicable construction, mechanics' or builders' lien legislation and the Borrower shall submit to the Lender, in form and substance satisfactory to the Lender, evidence of such compliance. The Lender may retain from any disbursement such amounts as it considers advisable to protect its interest from subordination under such legislation. The Borrower shall provide additional security, information and documentation as may be required by the Lender to preserve and ensure in all respects the absolute first priority of the Mortgage over any rights of any existing or potential lien claimants.

28. **First Right of Refusal on Maturity**

The Mortgage shall provide that the Lender shall have the first right of refusal with respect to any mortgage loan commitment that the Borrower is prepared to accept in respect of the replacement of the Mortgage upon maturity of the Term Period. The Borrower shall provide the Lender with a copy of any such mortgage commitment, and the Lender shall have the right, exercisable by notice in writing delivered to the Borrower within three (3) Business Days of receipt of the commitment, to provide the financing offered therein on the same terms and conditions as therein set out. Any loan commitment which the Borrower accepts with respect to the replacement of the Mortgage shall be conditional for three (3) Business Days following delivery of such loan commitment to the Lender in order to allow the Lender to exercise this first right of refusal.

29. **Pre-Authorized Payments**

The Borrower shall execute the requisite documents to allow the Lender to withdraw the regular monthly payments of interest and Taxes (if not waived pursuant to Section 10 hereof) during the Construction Period and of principal, interest and Taxes during the Term Period from the Borrower's bank account.

30. **Expenses**

Whether or not the Loan Amount is disbursed and notwithstanding retention of the Commitment Fee by the Lender, all of the Lender's costs and expenses, including without limitation all legal fees and disbursements and the cost of all reports, appraisals, inspections and investigations incurred by the Lender in relation to the Loan and/or this Commitment shall be paid by the Borrower. The Borrower shall also be responsible for any commission or finder's fee payable in connection with this Commitment. All such amounts are payable forthwith, on demand by the Lender, and may be added to the principal balance of the Mortgage and shall bear interest at the Interest Rate.

The CMHC mortgage insurance premium, CMHC underwriting fee, CMHC advance fees and applicable taxes thereon are for the account of the Borrower and shall be deducted from the proceeds of the Loan.

31. **Proceeds of Crime (Money Laundering) and Terrorist Financing Act**

Pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, the Lender is required to obtain specific information with respect to the Borrower, the Additional Covenantors and any third party involved in the transaction, including identification for each of those parties. In addition, where the Borrower is using the proceeds of the Loan to acquire the Property, this Act requires the Lender to obtain information with respect to the source of funds used in connection with the Borrower's equity in the Property. The Borrower and each Additional Covenantor hereby covenant and agree to provide, forthwith upon request for the same, such identification and information as may be required to ensure the Lender's compliance with this Act, including, without limitation, the information required in Schedule 4 to this Commitment. In the interest of timely funding of this Loan, the Borrower authorizes the Lender and the Borrower's solicitor to communicate directly with each other respecting the information required by the Lender.

32. **Title Trustee/Custodian**

The Lender shall have the right, at its option, to have the Security Documents drawn in the name of Computershare Trust Company of Canada or such other trustee/custodian as the Lender may elect, to hold same as title trustee/custodian for the Lender. In such event, if the consent of the mortgagee/lender is required pursuant to the Security Documents, the consent of First National Financial LP shall be sufficient to meet that requirement.

33. **Consent to Disclosure**

In the event the Lender sells the Loan or securitizes it into the secondary market, the Borrower and each Additional Covenantor consent to the release by the Lender of all information and materials in the Lender's possession concerning the Borrower, each Additional Covenantor and/or the Property to such party or parties (including the public in any offering memorandum) as may be necessary or desirable to facilitate such sale or securitization. In addition, the Borrower and each Additional Covenantor agrees that the Lender may share any information concerning the Borrower or any Additional Covenantor, as the case may be, with (a) any assignee or proposed assignee (collectively, the "assignee") of this Commitment or the Loan, (b) third parties who provide services to the Lender or the assignee in connection with the Loan, (c) any insurer of the Loan, (d) credit rating and consumer reporting agencies, (e) parties involved in the detection, prevention and suppression of illegal activities and matters involving the public interest, and (f) organizations with which the Lender has strategic alliances who may use such information to provide the Borrower or any Additional Covenantor with information on certain financial products which may be of interest to them. If the Borrower or any Additional Covenantor decides it does not wish its personal information shared with any party referred to in subsection (f) of this Section, it may so advise the Lender in writing at any time and the information will not be so shared.

34. **Additional Covenantors**

The Additional Covenantors, if any, hereby acknowledge and agree that each of them is jointly and severally liable for all covenants and obligations of the Borrower under this Commitment and under the Loan.

35. **Publicity**

On completion of funding, the Lender may, at its option, issue a press release announcing the Loan. During the construction the Project, the Lender may require a sign to be erected and maintained by the Borrower evidencing the Lender's financing of same and may place notices thereof in the media.

36. **Non-Merger of Commitment**

Neither the execution and delivery of any Security Documents nor the advance of the Loan shall in any way merge or extinguish this Commitment or the terms and conditions contained herein. This Commitment and all its provisions shall continue in full force and effect until the Loan has been repaid in full. In the case of any express conflict between any provision or provisions of this Commitment and any provision or provisions of the Security Documents, the provisions of this Commitment, as same may have been amended from time to time, shall govern.

37. **No Agency**

The Borrower acknowledges that the Lender may assign this Commitment to a third party and if it does so may receive a fee or commission in connection with such assignment. The Lender may also receive a fee in connection with the servicing of this Loan. The Lender is not acting as the Borrower's agent or otherwise in any fiduciary capacity in relation to the Borrower in connection with this Loan.

38. **Assignment**

Neither this Commitment nor any of the Loan proceeds may be assigned by the Borrower. This Commitment and the Security Documents may be assigned in whole or in part by the Lender at any time before or after the advance.

39. **Entire Agreement**

This Commitment and the Schedules attached hereto, when accepted by the Borrower, will constitute the entire agreement and understanding between the parties hereto with respect to the Loan and supersede all other agreements, understandings or commitments, oral or written.

40. **Approvals and Consents**

Any approvals or consents required to be made or given by the Lender hereunder must be expressly given pursuant hereto and shall not be implied or construed by the delivery or receipt of documents.

41. **Amendments and Waivers**

Except as otherwise expressly provided herein, this Commitment cannot be waived, altered, amended, discharged or terminated other than by an agreement in writing signed by the party against whom enforcement of any such waiver, alteration, amendment, discharge or termination is sought.

42. **Communications**

All communications provided for hereunder shall be in writing, personally delivered, sent by prepaid first-class mail or sent by electronic transmission, and if to the Lender addressed to the address above-noted to the attention of the Director, Commercial Mortgages and if to the Borrower to the address noted above. The date of receipt of any such communication shall be deemed to be the date of delivery, if delivered as aforesaid, or the third Business Day following the date of mailing, if mailed, as aforesaid. If sent by electronic transmission before 4:00 pm on any Business Day, such communication shall be deemed to have been received on the date sent; if sent after 4:00 pm on any Business Day or if sent on a day which is not a Business Day, such communication shall be deemed to have been received on the next following Business Day. Any party hereto may change its address for service from time to time by notice in the manner herein provided. In the event of a postal disruption or an anticipated postal disruption, prepaid first-class mail will not be an acceptable means of communication.

43. **Further Assurances**

The Borrower and each Additional Covenantor, if any, shall, at the Lender's request, execute or deliver such further documentation and enter into such other agreements as are necessary for the securing of the Loan and the fulfilling of the terms contained herein.

44. **Time of the Essence**

Time shall be of the essence of this Commitment in all respects.

45. **Governing Law**

This agreement shall be governed by and construed in accordance with the laws of the Province in which the Property is situated.

46. **Interpretation**

- (a) The headings of all provisions herein are inserted as a matter of convenience only and not to define the intent of this document. The necessary changes in grammar and gender required to apply to the parties hereto shall be assumed as though expressed.
- (b) If there is more than one Borrower or if there is an Additional Covenantor, or more than one Additional Covenantor, each of the covenants, agreements and obligations herein shall, as between and among each Borrower and each Additional Covenantor, be deemed to be joint and several, except as may otherwise herein specifically be provided, and the term "Borrower" shall be read as if each Borrower were specifically named and the term "Additional Covenantor" shall be read as if each Additional Covenantor were specifically named and any default by any one Borrower shall be deemed to be a default by each Borrower and any default by any one Additional Covenantor shall be deemed to be a default by each Additional Covenantor.
- (c) "**Business Day**" means a day of the week, other than Saturday, Sunday or any other day which is a statutory or a municipal holiday in the municipality in which the Property is situate.
- (d) "**Person**" includes any individual, partnership, joint venture, trust, unincorporated organization or any other association, corporation and government or any department or agency thereof.



Attachments

- Schedule 1 – Environmental Provisions
- Schedule 2 – Insurance Requirements
- Schedule 3 – Interest Rate
- Schedule 4 – Loan Information Form
- Schedule 5 – Conditions Precedent to Construction Advances
- Schedule 6 – Conditions Precedent to Final Advance
- Schedule 7 – CMHC Certificate of Insurance
- Schedule 8 – Social Outcome Covenant

## Schedule 1

In this Schedule and in the Charge/Mortgage the following words shall have the following meanings:

**“Applicable Laws”** means, in respect of any person, property, transaction or event, all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all applicable common law or equitable principles in force and effect during the currency of this Charge.

**“Environmental Laws”** means all present and future Applicable Laws, standards and requirements relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation and clean-up or any other aspect of a Hazardous Substance.

**“Environmental Proceeding”** means any investigation, action, proceeding, conviction, fine, judgement, notice, order, claim, directive, permit, license, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

**“Hazardous Substance”** means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated by-phenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products, and hazardous wastes.

### Representations Regarding Environmental Matters

The Property and all businesses and operations conducted thereon comply with all Environmental Laws. The Property has not been used for or designated as a waste disposal site and, except as disclosed in the environmental audit obtained by the Lender prior to the advance of funds under this Charge (the **“Environmental Audit”**), contains no Hazardous Substances and there is no existing or threatened Environmental Proceeding against or affecting the Property. Copies of all existing environmental assessments, audits, tests and reports relating to the Property have been delivered to the Lender. To the best of the Borrower's knowledge and belief, there are no pending or proposed changes to Environmental Laws or to any Environmental Proceedings which would render illegal or materially restrict or change the present use and operation of the Property. Except as disclosed in the Environmental Audit, neither of the Borrower nor, to the best of the Borrower's knowledge and belief after due inquiry and investigation, any other person or organization: (i) has used or permitted the use of the Property to generate, manufacture, refine, treat, transport, store, handle, dispose, transfer, produce or process Hazardous Substances; (ii) has been subject to any Environmental Proceeding related to the Property; (iii) has caused or permitted the release or discharge of any Hazardous Substance on or in the vicinity of the Property; (iv) has received or otherwise has knowledge of any Environmental Proceedings or of any facts which could give rise to any Environmental

Proceeding related to the Property; (v) has undertaken any remediation or clean-up of any Hazardous Substance on or in the vicinity of the Property; or (vi) has defaulted in reporting any occurrence or circumstance to any governmental authority in relation to the Property which is or was required to be reported pursuant to any Environmental Laws.

#### Covenants Regarding Environmental Matters

The Borrower shall: (i) ensure that the Property and the Borrower comply with all Environmental Laws at all times; (ii) not permit any Hazardous Substance to be located, manufactured, stored, spilled, discharged or disposed of at, on or under the Property (except in the ordinary course of business of the Borrower or any tenant and in compliance with all Environmental Laws) nor permit any other activity on or in respect of the Property that might result in any Environmental Proceeding affecting the Property, Borrower or Lender; (iii) notify the Lender promptly of any threatened or actual Environmental Proceedings; (iv) remediate and cure in a timely manner any non-compliance by the Property or the Borrower with Environmental Laws, including removal of any Hazardous Substances from the Property; (v) maintain all environmental and operating documents and records including all permits, licenses, certificates, approvals, orders and agreements relating to the Property as required by Environmental Laws; (vi) provide the Lender promptly upon request with such information, documents, records, permits, licences, certificates, approvals, orders, agreements, environmental audits, reports, assessments and inspections and take such other steps (all at the Borrower's expense) as may be required by the Lender to confirm and/or ensure compliance by the Property and the Borrower with Environmental Laws, and (vii) execute all consents, authorizations and directions necessary to permit any inspection of the Property by any governmental authority and to permit the release to the Lender or its representatives, of any information relating to the Property and the Borrower.

#### Environmental Indemnity

Without limiting any other provision of this Charge or any document collateral hereto, the Borrower shall indemnify and pay, protect, defend and save the Lender harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs, expenses, (including legal fees and disbursements on a solicitor and his own client basis) (collectively "**Environmental Claims**"), imposed on, made against or incurred by the Lender arising from or relating to, directly or indirectly, and whether or not disclosed by the Environmental Audit and whether or not caused by the Borrower or within its control, (i) any actual or alleged breach of Environmental Laws relating to or affecting the Property, (ii) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom, (iii) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, (iv) any assessment, investigation, containment, monitoring, remediation and/or removal of all Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws, or (v) any breach by the Borrower of any covenant hereunder or under any document collateral hereto or under Applicable Law relating to environmental matters. This indemnity shall survive repayment of the loan secured hereby, foreclosure upon this Charge and any other extinguishing of the obligations of the Borrower under this Charge and any other exercise by the Lender of any remedies available to it against the Borrower.

CMHC Environmental Clause

The Lender or agent of the Lender or agent of Canada Mortgage and Housing Corporation (hereinafter called "CMHC") may, at any time, before and after default, and for any purpose deemed necessary by the Lender or CMHC, enter upon the Property to inspect the Property and buildings thereon. Without in any way limiting the generality of the foregoing, the Lender or CMHC (or their respective agents) may enter upon the Property to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Lender or CMHC and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the interest rate set out in this Charge, shall be a charge upon the Property. The exercise of any of the powers enumerated in this clause shall not result in the Lender, CMHC or their respective agents being deemed to be in possession, management, or control of the Property and buildings.

## Schedule 2

### Insurance Requirements

#### **CONSTRUCTION PERIOD**

The Borrower will at all times during the Construction Period maintain the insurance required by the Lender including, without limitation, the following coverages:

- (a) builders' all risk coverage, including flood, earthquake and sewer back-up for an amount satisfactory to the Lender, on a replacement cost basis, with loss payable to the Lender by way of the IBC Standard Mortgage Clause. The policy will provide coverage for 100% of the hard construction costs and recurring soft costs. The policy must allow for partial occupancy of the premises;
- (b) comprehensive broad form boiler and machinery insurance covering all pressure vessels (whether fired or unfired), air conditioning and miscellaneous electrical apparatus on the Property, for an amount satisfactory to the Lender, with loss payable to the Lender under a Boiler and Machinery Insurance Association mortgage clause;
- (c) wrap-up liability coverage for a minimum of \$5,000,000.00 per occurrence if the Loan is less than \$10,000,000.00 and a minimum of \$10,000,000.00 per occurrence if the Loan is \$10,000,000.00 or greater, covering the Borrower and all contractors, sub-contractors and trades with respect to work or operations at the Project, or in respect of the Project written on an inclusive basis; and
- (d) such other insurance coverage which is normal and customary for a construction project similar to the Project.

#### **TERM PERIOD**

The Borrower will at all times after completion of construction and during the Term Period maintain the insurance required by the Lender including, without limitation, the following coverages:

- (a) all risks of direct physical loss or damage, including, without limitation, coverage for the foundations of all improvements and flood and earthquake coverage, all on a replacement cost basis with loss payable to the Lender under an Insurance Bureau of Canada mortgage clause; the policy should allow for the improvements on the Property to be completed (if applicable), for partial occupancy, and for the Property to be vacant and unoccupied for a period of at least 30 days;
- (b) comprehensive broad form boiler and machinery insurance covering all pressure vessels (whether fired or unfired), air conditioning and miscellaneous electrical apparatus on the Property, for an amount satisfactory to the Lender, with loss payable to the Lender under a Boiler and Machinery Insurance Association mortgage clause;

- (c) business interruption or rental income loss coverage on a gross profits or rentals form sufficient to cover 100% of the loss of rent or loss of business income from the business conducted on the Property for a period of eighteen (18) months, based on the greater of actual or projected revenue, in respect of all perils described in (a) and (b) above; and
- (d) comprehensive general liability insurance, inclusive of bodily injury, death or property damage or loss, for a minimum amount of \$5,000,000.00 per occurrence or such other amount as the Lender may reasonably request, with the Lender named as an additional insured.

The coverage required by sections (a), (b) and (d) above during the Term Period shall include by-law endorsements acceptable to the Lender, including but not limited to same site waiver, increased cost of construction, undamaged portion coverage and demolition and debris coverage.

All policies shall be on a "no co-insurance" basis. All such insurance shall be placed with a company or companies satisfactory to the Lender. Deductible amounts shall also be subject to Lender's approval. All cancellation and alteration clauses in the above-referenced policies, including those contained in the mortgage clause endorsements, shall provide for at least thirty (30) days prior written notice to the Lender of any cancellation of or material alteration to the policy. The Borrower shall provide evidence of policy renewal or satisfactory replacement annually at least thirty (30) days prior to expiry. The Borrower shall deliver to the Lender original or certified copies of all policies required hereunder. At the time of funding, the expiry date of each of the insurance policies required hereunder shall be at least one year from the date of funding. The Lender shall be entitled to require coverage of such other risks and perils as the Lender may from time to time consider advisable or desirable and in respect of which insurance coverage is available.

**Schedule 3**  
**Interest Rate**

**Construction Loan**

During the Construction Period, the annual interest rate under the Mortgage (the “**Floating Rate**”) shall be the Cost of Funds Rate plus 1.75% calculated monthly not in advance. The Floating Rate will be adjusted once per month on the seventh day of each and every month during which the Floating Rate is payable (or if the seventh day is not a Business Day on the next following Business Day) based on the Cost of Funds Rate quoted on that day and the adjusted rate will take effect as of the first day of such month and will remain in effect for the entire month or such part thereof during which the Floating Rate is payable, whichever is less. For the period from the date of the first disbursement until the first day of the month following the first disbursement, the Floating Rate shall be based on the Cost of Funds Rate quoted on the seventh day of the month in which the first disbursement occurs.

“**Cost of Funds Rate**” means the rate of interest per annum quoted to FNFC Trust (the “**Trust**”) by its syndicate of lenders on the seventh day of each month (or if the seventh day is not a Business Day on the next following Business Day) as the Trust's cost of funds during the previous month.

**Term Loan**

Provided there has been no event of default that is continuing under the Construction Loan and further provided that the Borrower has maintained a satisfactory payment record and has met all the pre-conditions of this Commitment including but not limited to Schedule 6 herein for the final advance of the Construction Loan, the Borrower shall have the right (subject to payment of any hedge costs, extension or breakage costs incurred by the Lender and execution of a rate-lock letter in form required by Lender) to fix the interest rate for the full Term Period by delivering a written notice (the “**Notice of Fix**”) to the Lender prior to TWELVE O’CLOCK noon Toronto time on any Business Day before **the fifth Business Day prior to the Interest Adjustment Date**, (the date on which the Notice of Fix is given being herein referred to as the “**Notice Date**”) such fixed rate to be effective from the Interest Adjustment Date and to be that rate of interest, calculated semi-annually, not in advance, which is the sum of the Canada Mortgage Bond Yield as of 12:00 noon Toronto time on the next Business Day following the Notice Date plus the number of basis points over the Canada Mortgage Bond Yield which the Lender is then charging to similar borrowers on mortgage loans of similar size and kind on similar properties (the “**Fixed Rate**”). In the event that the Borrower does not deliver the Notice of Fix on or before the date which is 5 Business Days prior to the Interest Adjustment Date, the Lender may on any date thereafter, at its option, deem such Notice of Fix to be received and proceed to set the rate.

For the purpose of establishing the Fixed Rate pursuant to the immediately preceding paragraph, “Canada Mortgage Bond Yield” shall mean the yield to maturity, calculated semi-annually, which an assumed new issue of non-callable Canada Mortgage Bonds denominated in Canadian dollars would carry if issued at par for a term equal to the Term Period. Where the longest dated Canada Mortgage Bond has a maturity date that is earlier than the maturity date of the Term Loan, the “Canada Mortgage Bond Yield” shall mean the bid-side yield to maturity of the Canada Mortgage

Bond with the maturity date closest to the maturity date of the Term Loan plus the difference between: (a) the Government of Canada Bond Yield interpolated to the Term Loan maturity date; and (b) the Government of Canada Bond Yield interpolated to the Canada Mortgage Bond maturity date. The Canada Mortgage Bond Yield shall be determined by RBC Dominion Securities Inc. or such other person qualified to make such determination as the Lender may appoint.

### **General**

In order to protect the Lender's priority with respect to the Interest Rate, the Mortgage shall be registered with a face interest rate of 25% per annum, calculated semi-annually, not in advance. If required by the Lender, the Borrower and the Lender shall execute an amending agreement after determination of the Fixed Rate, to be registered on title to the Property, all at the Borrower's expense. However, in the event no amending agreement is executed or registered, for whatever reason, the provisions of this Schedule and this Commitment shall still apply.

In the event that the Interest Rate as determined herein is greater than 4.25% per annum, calculated semi-annually not in advance (the "Maximum Rate"), the Borrower may be required to buy down the Interest Rate to the Maximum Rate and/or the Loan Amount may be reduced, as determined by the Lender in its sole discretion acting reasonably and in accordance with CMHC policy. In the event the Borrower is permitted to buy down the Interest Rate the amount of the required buy down will be deducted from the advance of funds.

**Schedule 4**

**LOAN INFORMATION FORM (LIF)**

**I. BORROWER**

**A. Proposed Borrower:**

Name: \_\_\_\_\_

Principal business address: \_\_\_\_\_

Principal Contact: \_\_\_\_\_ Telephone: \_\_\_\_\_

Preferred e-mail address: \_\_\_\_\_

To-be formed (yes/no); \_\_\_\_\_ Date Formed: \_\_\_\_\_

Province of organization: \_\_\_\_\_

Borrower Entity Type: Corp. \_\_\_ GP \_\_\_ LP \_\_\_ LLC \_\_\_ N/A \_\_\_

Is the Borrower a "Bare Trust" (Nominee)? \_\_\_\_\_

If the Borrower is a "Bare Trust", who is the Beneficial Owner?: \_\_\_\_\_

*Yes, I consent to receiving electronic communications from First National including, newsletters, product information, events, market rates, commentary and other information. I understand that I can withdraw my consent at any time by clicking the unsubscribe link on the electronic communications sent.*

**B. Principal(s) of Borrower:**

**SIGNING OFFICERS**

Each of the following people are signing officers of the Entity, holding the position set out opposite his or her name:

| <u>Name</u> | <u>Officer</u> | <u>Home Address</u> |
|-------------|----------------|---------------------|
|             |                |                     |
|             |                |                     |
|             |                |                     |

**DIRECTORS**

The following are all of the directors of the Entity:

| <u>Name</u> | <u>Occupation</u> | <u>Home Address</u> |
|-------------|-------------------|---------------------|
|             |                   |                     |
|             |                   |                     |
|             |                   |                     |
|             |                   |                     |

SHAREHOLDERS

To better understand the complete organizational structure of the Borrower; Attached as Appendix A to this Form is a list of all shareholders that hold, whether directly or indirectly, 25% or more of the shares of the Borrower.

*[Note: complete Appendix A]*

i. **Tick the box beside the appropriate paragraph and complete Appendix B if you tick the second paragraph**

no one individual owns or controls, directly or indirectly through any entity, or combination of entities, twenty-five percent (25%) or more of the Borrower.

**OR**

the individual(s), listed on Appendix B to this Form own(s) or control(s) , directly or indirectly through any of the entities, or combination of entities, twenty-five percent (25%) or more of the Borrower.

**\*Please attach an Organizational Chart to the back of this Loan Info Form.**

C. Is the Borrower, any Additional Covenantor or any signing officer of either the borrower or Additional Covenantor a Politically Exposed Persons (PEP)? \_\_\_\_\_

Is a member of any of the foregoing's immediate family a PEP? \_\_\_\_\_

*\*See definition below.*

D. Are there any judgment(s), lawsuit(s) or lien(s) pending against or by, or adverse judgment(s) issued within the last 3 years against the Borrower, Property, Additional Covenantor(s) or any of their Principals or affiliates?

Yes \_\_\_\_\_ No \_\_\_\_\_ (If yes, describe below and attach supporting documentation)

|  |
|--|
|  |
|  |
|  |
|  |

E. Have any bankruptcies ever been filed by or against Borrower, Property, Additional Covenantor(s) or any of their Principals or affiliates?

Yes \_\_\_\_\_ No \_\_\_\_\_ (If yes, describe here and attach supporting documentation)

|  |
|--|
|  |
|  |
|  |
|  |

F. **Proposed Property Manager** (after Loan Closing):

Management Co: \_\_\_\_\_

Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail: \_\_\_\_\_

Will the property be self-managed? Yes \_\_\_\_\_ No \_\_\_\_\_

**G. Contact Information:**

Insurance broker: \_\_\_\_\_ Telephone: \_\_\_\_\_

E-mail address: \_\_\_\_\_

Solicitor: \_\_\_\_\_ Telephone: \_\_\_\_\_

E-mail address: \_\_\_\_\_

**II. SOURCE AND USE OF LOAN PROCEEDS**

**A.** Is there any subordinated debt, debentures, operating credit line, shareholder loans or other obligations expected to be in place at closing?

Yes \_\_\_\_\_ No \_\_\_\_\_ (If yes, describe)

|  |
|--|
|  |
|  |
|  |

I certify the above information to be accurately represented, to the best of my knowledge:

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Politically Exposed Person (PEP) or Head of an International Organization (HIO):**

A PEP is a person who is a “senior political figure” or “**head of an international organization**”, any member of his/her “immediate family”, or any of his/her “close personal or business associates”. The “head of an international organization” means the head of an international organization that is established by the governments of states or the head of an institution of any such organization.

A senior political figure is an individual who holds or has ever held in the past, one of the following offices or positions in or on behalf of Canada or a foreign country:

- a head of state or head of government
- a member of the executive council of government, Senate or House of Commons or member of a legislature
- a deputy minister (or equivalent)
- an ambassador, or attaché or counselor of an ambassador
- a military general (or higher rank)
- a president of a corporation that is wholly owned directly by her Majesty in right of Canada or a president of a state owned company or bank
- a head of government agency
- a mayor
- a judge; or
- a leader or president of a political party in a legislature

The definition of PEP also includes the senior political figure’s or the HIO’s **immediate family members** or **close associates** as described below:

- spouse or common law partner
- child; brother, sister, half-brother or half-sister
- mother or father; or
- spouse’s or common-law partner’s mother or father

**APPENDIX A**

List of all shareholders of the Borrower that hold, whether directly or indirectly, 25% or more of the shares of the Borrower

| <b>Name</b> | <b>Address</b> | <b>Occupation</b> | <b>% Interest</b> |
|-------------|----------------|-------------------|-------------------|
|             |                |                   |                   |
|             |                |                   |                   |
|             |                |                   |                   |
|             |                |                   |                   |

(First National is required to collect Occupation information as part of Canada's Anti-Money Laundering initiative, mandated by the Financial Transactions and Reports Analysis Centre of Canada - FINTRAC)

**APPENDIX B**

List of all individuals that own(s) or control(s) , directly or indirectly through any of the entities, or any combination of the entities listed in Appendix A hereto, in the aggregate, twenty-five percent (25%) or more of the Borrower.

| <b>Name</b> | <b>Address</b> | <b>Occupation</b> | <b>% Interest</b> |
|-------------|----------------|-------------------|-------------------|
|             |                |                   |                   |
|             |                |                   |                   |
|             |                |                   |                   |
|             |                |                   |                   |

(First National is required to collect Occupation information as part of Canada's Anti-Money Laundering initiative, mandated by the Financial Transactions and Reports Analysis Centre of Canada - FINTRAC)

## Schedule 5

### Conditions Precedent to Each Construction Advance

Advances under the Construction Loan shall be disbursed, subject to the Lender being satisfied that all of the pre-conditions to funding set out in Sections 15 and 16 have been fulfilled and remain fulfilled and that each of the following conditions has been met at the time of the disbursement.

- (a) No default or event of default whether under this Commitment or any of the Security Documents shall have occurred and be continuing and the Borrower shall have delivered to the Lender a certificate to this effect and certifying that all representations and warranties of the Borrower made to the Lender in connection with the Loan continue to be true and accurate.
- (b) On each disbursement, the Borrower shall certify to the Lender that there have been no material amendments to the construction budget, construction schedule or plans and specifications approved by the Lender, except material amendments previously approved by the Lender.
- (c) On each disbursement, the Lender shall receive the Project Monitor's approval of the Borrower's draw request together with a certificate from the Project Monitor certifying that the Project is being completed in accordance with the construction budget and the construction schedule, setting out the value of the work completed to date and the cost to complete the Project and certifying that all moneys advanced by the Lender to date have been used for the Project and that all major trades have been paid to date.
- (d) On each disbursement, the Lender shall receive a certificate of the architect for the Project that the Project is being completed in accordance with the approved plans and specifications, that all requisite development and regulatory approvals and permits have been granted to permit construction of the Project to the point to which the advance relates and that construction to date is in compliance with same and with all material municipal and other governmental requirements relating to construction of the Project.
- (e) The Lender shall have received and approved all of the Project Monitor's reports to the date of the advance.
- (f) The Lender shall have received a certificate, satisfactory to it, from the structural engineer or architect for the Project confirming that the Project as erected to the date of the certificate is structurally sound.
- (g) Before any advance following completion of the ground floor of the Project the Borrower shall have delivered a foundation survey prepared by a licensed surveyor showing the location of the foundations and ground floor in relation to the lot lines of the Property, which survey shall be satisfactory to the Lender.
- (h) Delivery of an opinion of the Lender's counsel addressed to the Lender confirming that a subsearch of title has been conducted and that no liens or other encumbrances are registered

against title to the Property except for encumbrances previously approved by the Lender, in form and content satisfactory to the Lender.

- (i) The Lender shall be satisfied in its sole opinion that there has been no material adverse change from what was represented to the Lender as at the date of this Commitment, in (i) the position, financial or otherwise, of the Borrower, any beneficial owner of the Property (if different from the Borrower) or any Additional Covenantor or (ii) the condition of the Property or the actual or anticipated revenues therefrom.

## Schedule 6

### Conditions Precedent to Final Advance of Construction Loan

Prior to the final advance of the Construction Loan, CMHC and the Lender shall be satisfied that each of the following conditions has been met.

- (a) All conditions precedent to funding set out in Sections 15 and 16 and in Schedule 5 shall continue to be satisfied.
- (b) The Lender shall have received satisfactory evidence that all costs, outlays and expenses incurred by the Borrower in the development, construction, fixturing, equipping and furnishing of the Project have been paid in full or in the alternative, the Lender must be satisfied that the final advance will be used to pay any such outstanding amounts.
- (c) The Lender shall have received a certificate, satisfactory to it from the architect for the Project, stating that the Project has been completed in accordance with the approved plans and specifications, the construction budget and the construction contracts, that it is in compliance with all applicable laws and that the Borrower has received all necessary permits and approvals for occupation of the Project for its intended use.
- (d) Copies of all major agreements, leases and permitted encumbrances shall have been delivered to the Lender (to the extent not previously delivered) and each shall be in good standing and in full force and effect.
- (e) The Lender shall have received revised insurance certificates in form and substance satisfactory to the Lender confirming the Borrower has insurance in place in compliance with the requirements for the Term Period set out in Schedule 2 hereto. The review and approval of these revised certificates by the Lender's insurance consultant shall be at the Borrower's expense.
- (f) The Borrower shall have delivered an "as-built" building location survey/certificate of the Property prepared by a licensed surveyor identifying the location of the Project and any other structures, which survey/certificate shall be satisfactory to the Lender.
- (g) The statutory period for registration of liens in respect of the Project shall have expired, with no liens having been registered or notices of liens given, or if liens have been registered or notice thereof given, the Borrower shall have obtained the discharge, release, vacation or withdrawal of all such liens as the case may be.
- (h) The Borrower shall have paid all fees, costs and expenses of the Lender including without limitation, all legal costs of the Lender and all costs of experts and consultants engaged in connection with the Loan.
- (i) The Lender shall have received such additional evidence, documents or undertakings as the Lender may reasonably request to establish compliance with the conditions set out in this Schedule.

- (j) The Borrower shall have executed and delivered an amending agreement and such other additional Security Documents as the Lender may reasonably require.
- (k) The Lender shall be satisfied that all other conditions to the final advance as outlined in the CMHC Special Conditions shall have been satisfied.
- (l) The Borrower has maintained a satisfactory payment record as determined by the Lender during the Construction Period.
- (m) All conditions of this Commitment including but not limited to those set out in Schedule 6 for the final advance of the Construction Loan have been met.
- (n) The Lender shall have received, reviewed and approved complete copies of all existing non-residential leases for the Property, together with all related renewals, amendments, assignments, guarantees, indemnities and other related agreements, as well as the Borrower's standard lease form.
- (o) The Lender shall have received and approved the Borrower's standard residential lease form.
- (p) For all non-residential leases, unless waived by the Lender, the Borrower shall have delivered tenant estoppel certificates in the Lender's required form signed by each tenant and confirming, inter alia, that it is in possession of its premises, open for business and paying rent in accordance with its lease.
- (q) The Lender shall have received and approved a copy of the property management agreement for the Property (if applicable).

**Schedule 7**  
**Certificate of Insurance**

### Schedule 8

The following covenants (collectively, the “**Social Outcome Covenant**”) shall form part of this Commitment and the Mortgage registered on title to the Property granted as security for the housing Loan insured by CMHC.<sup>1</sup>

In this Social Outcome Covenant, the following terms will have the following meanings:

“**Accessibility Criteria**” means the social outcome criteria relating to accessibility outlined in the table below, which apply to the Project:

|                         | Level     | Criteria   |
|-------------------------|-----------|--|
| <b>New Construction</b> | <b>20</b> | <ul style="list-style-type: none"> <li>The Project must be 100% visitable and all common areas within the Project must be barrier free, each in accordance with Canadian Standards Association (“<b>CSA</b>”) Standard B651-2018.</li> <li>In addition to the foregoing, the Project must also satisfy one of the following conditions: (i) a minimum of 15% of the housing units within the Project must be accessible in accordance with the CSA Standard B651-18; or (ii) a minimum of 15% of the housing units within the Project must be of universal design*; or (iii) the Project must receive the Rick Hansen Foundation Accessibility Certification (60%-79% score).</li> </ul> |

*\*Universal design refers to the features and practices described in the Universal Design Guide, as published by CMHC at [www.cmhc.ca](http://www.cmhc.ca).*

“**CMHC**” means Canada Mortgage and Housing Corporation.

“**Energy Efficiency Criteria**” means the social outcome criteria relating to energy efficiency outlined in the table below, which apply to the Project:

|                         | Level     | Criteria  |
|-------------------------|-----------|---|
| <b>New Construction</b> | <b>50</b> | <ul style="list-style-type: none"> <li>The Project must be designed to achieve a minimum of a <b>25.5%</b> decrease in energy intensity and a <b>0%</b> decrease in greenhouse gas emissions relative to the energy requirements of the 2017 National Energy Code for Buildings (NECB) – Part 3 multi-unit buildings, or the 2015 National Building Code (NBC), as applicable.</li> </ul> |

“**Lender**” means the approved lender or mortgagee/hypothecary creditor under the housing loan secured by [the/this] Mortgage and insured by CMHC.

<sup>1</sup> [Note to solicitors: for purposes of the Mortgage, the reference to the Commitment should be deleted from the lead in language, and the defined terms used in this Schedule and the CMHC Certificate of Insurance and Special Conditions, as well as any lowercase terms if applicable, should be conformed with those used in the Mortgage without duplication.]

**“Mortgage”** means [the/this] mortgage, charge or hypothec granted to the Lender in support of the housing loan insured by CMHC pursuant to the *National Housing Act* (Canada).

**“Mortgagor”** means the borrower or mortgagor/hypothecary debtor named in [the/this] Mortgage, and includes the beneficial owner or nominee, for purposes of this Social Outcome Covenant.

**“Project”** means the multiple unit residential project located on the property described in [the/this] Mortgage.

***THIS IS EXHIBIT "D" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***

A handwritten signature in black ink, appearing to be 'J. R.', written over a horizontal line.

---

***A Commissioner Etc.***

**From:** [Todd Neill](#)  
**To:** [Scott Schweyer](#)  
**Cc:** [Scott Reid](#); [Ian Cook](#)  
**Subject:** RE: Outstanding payments  
**Date:** Thursday, July 4, 2024 8:29:54 AM  
**Attachments:** [image001.png](#)

---

Hi Scott,

Please see responses below in red

- What is the value of the holdbacks for the project
  - Invoice is for \$2,546,242.85 + HST
  - This was included in the current draw
- Can you confirm if the 4.9M listed below does or not include any of the holdbacks for the project
  - Confirmed
- What is the current interest rate on the development charges so we can anticipate that
  - Prime + 2%
- What is the amount of money used from the Westhaven construction loan that was used for other Reid projects or payables
  - The \$4.9M should have been used in the Westhill project but was not
- Is the next construction draw organized and ready or let us know the delay in timing/issues with it
  - The lender asked the QS to add a few items to the report
    - Main roadblock is the proof of payment of the development charges
- The timing for Jenn to receive the revised invoices under the Westhaven name that could not be submitted for the HST ITC's
  - Next reporting period of June 1 to August 31 would be filed at the end of September so I will have the invoices corrected mid-September

Todd Neill, CMA, CPA

Chief Financial Officer | Reid's Heritage Properties

1515 Gordon Street, Suite 203 , Guelph, ON. N1L 1C9

Tel: 519.654.9099 ext. 554 | Cell: 519.239.9245



**BUILDING PROFITABLE PARTNERSHIPS**

[reidsproperties.com](http://reidsproperties.com)

---

**From:** Scott Schweyer

**Sent:** Wednesday, July 3, 2024 3:55 PM

**To:** Todd Neill

**Cc:** Scott Reid ; Ian Cook

**Subject:** RE: Outstanding payments

**Importance:** High

Hi Todd,

Thanks for the numbers. Ian and I met to review them. We have a few questions.

- What is the value of the holdbacks for the project
- Can you confirm if the 4.9M listed below does or not include any of the holdbacks for the project
- What is the current interest rate on the development charges so we can anticipate that
- What is the amount of money used from the Westhaven construction loan that was used for other Reid projects or payables
- Is the next construction draw organized and ready or let us know the delay in timing/issues with it
- The timing for Jenn to receive the revised invoices under the Westhaven name that could not be submitted for the HST ITC's

I am available for a call tomorrow if you want to talk about any these items.

Thanks,

Scott

---

**From:** Todd Neill <[tneill@reidsproperties.com](mailto:tneill@reidsproperties.com)>

**Sent:** Wednesday, July 3, 2024 10:38 AM

**To:** Scott Schweyer <[sschweyer@cookhomes.ca](mailto:sschweyer@cookhomes.ca)>

**Cc:** Scott Reid <[scott@reidsproperties.com](mailto:scott@reidsproperties.com)>

**Subject:** Outstanding payments

Hi Scott,

As per your meeting with Scott Reid, below are the amounts that are outstanding;

Sierra - \$1,948,323.12 (this is the amount that we have drawn on)

Sierra - \$231,126.62 (this is on the draw to be funded)

Development Charges - \$2,398,118 (this amount will increase with additional interest since May 19<sup>th</sup>)

Other misc vendors/consultants - \$350,000

Total - \$4,927,567.74

Todd Neill, CMA, CPA

Chief Financial Officer | Reid's Heritage Properties

1515 Gordon Street, Suite 203 , Guelph, ON. N1L 1C9


Tel: 519.654.9099 ext. 554 | Cell: 519.239.9245



**BUILDING PROFITABLE PARTNERSHIPS**

reidsproperties.com

***THIS IS EXHIBIT "E" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***

A handwritten signature in black ink, consisting of a stylized 'H' followed by a horizontal line and a flourish.

---

***A Commissioner Etc.***

**FORBEARANCE AGREEMENT**  
made as of the 5<sup>th</sup> day of July, 2024

WHEREAS:

- A. Pursuant to a Promissory Note dated September 26, 2022 (the "Note") issued by RHH Rental Properties Ltd. (the "Borrower") to 1021294 Ontario Limited (which amalgamated and continued as 1000931276 Ontario Inc. the "Lender"), the Borrower is indebted to the Lender in connection with a loan (the "Original Loan") originally in the principal amount of \$10,800,000 and due and payable on December 21, 2022 (the "Due Date").
- B. The Lender advanced a further principal amount of \$4,400,000 (the "Additional Loan") on September 7, 2023.
- C. Pursuant to the Note, the obligations of the Borrower under the Original Loan and Additional Loan (collectively, the "Loan") are guaranteed by Scott Reid (the "Guarantor").
- D. The Loan is secured by security, all of which is hereinafter referred to, collectively, as the "Security", which consists of, but is not limited to:
  - i. a general security agreement given by Borrower to the Lender;
  - ii. a pledge of shares by the Guarantor of the shares the Guarantor directly or indirectly owns in the capital of the Borrower.
- E. The Borrower has failed to repay the Loan.
- F. The Lender is a shareholder of and the Guarantor is an indirect shareholder of West Haven Limited which is developing a project in Waterloo, Ontario (the "Project").
- G. Certain funds in the amount of approximately \$4,900,000 (the "Diverted Funds") that were intended for the development of the Project were diverted by the Guarantor and the Borrower for other purposes.
- H. The Lender intends to advance additional amounts to West Haven Limited to satisfy certain creditor claims arising as a result of the diversion of funds some of which additional amounts may be repaid from a construction loan advance to be advanced to West Haven Limited.
- I. All amounts owing by the Borrower and/or Guarantor to the Lender and/or West Haven Limited together with interest thereon and any other charges or fees incurred by the Lender and/or West Haven Limited in connection therewith are referred to herein as the "Amounts Owing".
- J. The Borrower and the Guarantor have requested that the Lender forbear from exercising recourse against them or the Security and the Lender has agreed to so forbear subject to the terms and conditions contained herein.

NOW THEREFORE WITNESSETH that in consideration of the sum of ten dollars (\$10.00) and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties agree with each other as follows:

#### ARTICLE 1 - INTERPRETATION

1.1 Definitions - the following terms shall have the following meanings:

- (a) **"Amounts Owing"** has the meaning set forth in the recitals above;
- (b) **"Borrower"** has the meaning ascribed thereto in Recital A of this Agreement;
- (c) **"Business Day"** means any day other than a Saturday, Sunday or public holiday in the Province of Ontario;
- (d) **"Event of Default"** has the meaning ascribed thereto in Section 7.1 of this Agreement;
- (e) **"Guarantor"** has the meaning ascribed thereto in Recital B of this Agreement;
- (f) **"Lender"** has the meaning ascribed thereto in Recital A of this Agreement;
- (g) **"Loan"** has the meaning ascribed thereto in Recital A of this Agreement;
- (k) **"Parties"** means any one or more parties referred to in this Agreement, as the context may require;
- (m) **"Security"** has the meaning ascribed thereto in Recital C of this Agreement.

#### ARTICLE 2 - ACKNOWLEDGMENTS

2.1 Acknowledgments

The Borrower and the Guarantor hereby irrevocably acknowledge and agree that:

- (a) The Loan is in default as a result of the failure of the Borrower and the Guarantor to repay the Loan on the Due Date;
- (b) Interest is payable under the Loan as specified in the Note;
- (c) The Diverted Funds are owing by the Borrower and/or Guarantor to West Haven Limited;
- (d) Additional amounts will be owed to the Lender as a result of the Lender advancing additional funds in order to cover costs intended to be paid by the Diverted Funds;
- (e) There is no dispute regarding the quantum of the Amounts Owed;

- (f) The Amounts Owed is owing by each the Borrower and the Guarantor to the Lender and is due and payable;
- (g) There is no dispute respecting the liability of the Borrower and the Guarantor to repay the Amounts Owed in full on any grounds whatsoever;
- (h) The Security is good and valid security for payment of the Loan and none of the Security has been released, waived or varied except as set forth in this Agreement; and
- (i) The Guarantor consents to the Borrower entering into this Agreement.

## 2.2 Waiver and Release

Each of the Borrower and the Guarantor acknowledge that the actions of the Lender in the administration of the Loan and the Security to date and in entering into this Agreement have been fair and reasonable and each of them hereby waives and agrees not to assert or cause to be asserted any defences, rights, claims, assessments, or set-offs existing as at the date of this Agreement with respect to the foregoing or with respect to the Indebtedness and each hereby releases and remises the Lender from any and all claims with respect thereto, save and except, as may arise directly from this Agreement. Further, in executing and delivering this Agreement, each of the Borrower and the Guarantor have received or have had the opportunity to receive independent legal advice and are acting freely and without duress.

## ARTICLE 3 - FORBEARANCE

### 3.1 Forbearance

Subject to and in accordance with the terms of this Agreement, provided that:

- (a) The Borrower pledges of all of its shares in the capital of Sherwood Forest Square Ltd. to the Lender;
- (b) The Guarantor pledges all of the shares RHP Vale Station Developments GP Corp. to the Lender;
- (c) The Guarantor pledges all of his units in the capital of RHP Vale Station Developments LP to the Lender;
- (d) The Guarantor pledges all of the shares it directly or indirectly owns in the capital of the Borrower to the Lender; and
- (e) The Guarantor causes RHP Vale Station Developments LP and RHP Vale Station Developments GP Corp. to guarantee the Amounts Outstanding and to pledge the shares in the capital of West Haven Limited owned by RHP Vale Station Developments LP.,

Lender agrees to forbear in the exercise of the Lender's remedies with respect to the Indebtedness, or pursuant to the Loan and under the Security unless and until there is an Event of Default. All of the foregoing being referred to herein as the "Additional Security".

### 3.2 Timely Performance

It is intended by all Parties hereto that the obligations in this Agreement shall be performed strictly in accordance with the provisions of this Agreement and in a timely manner, with time being of the essence. Accordingly, should default occur in the timely performance of obligations by any of the Borrower or the Guarantor for any reason whether within or beyond the control of any of them, the Lender shall upon the occurrence of such default be immediately entitled to rely upon their rights and remedies as set forth in this Agreement.

#### **ARTICLE 4 - BORROWER'S AND GUARANTOR'S COVENANTS**

4.1 Subject to the terms and conditions contained in Article 3 hereof, and in addition to any other covenants contained herein under the Security, each of the Borrower and the Guarantor covenant and agree with the Lender that:

(a) Maintain Status

Each of the Borrower and the Guarantor shall maintain its existence as a valid and subsisting corporate entity;

(b) Further Assurances

The Borrower and the Guarantor agree to sign or execute all such other documents and such other things as may be necessary or desirable for more completely and effectively carrying out the terms and intentions of this Agreement;

(c) No Corporate Changes

Neither the Borrower nor the Guarantor shall merge, amalgamate or consolidate with any other corporation except with the prior written consent of the Lender;

(d) No Additional Shares

The Borrower and Guarantor will not permit Sherwood Forest Square Ltd., the Borrower or Vale Station Developments GP Corp. to issue any additional shares from Treasury or RHP Vale Station Developments LP to issue any additional units;

(e) Notice of Proceedings

The Borrower and the Guarantor shall give the Lender prompt written notice of any litigation, arbitration or administered proceedings before any court, arbitration, tribunal or government authority, or dispute affecting the Borrower, the Guarantor or the W Project in London, Ontario owned by SF Square LP (the "Real Property"); and

(f) Priority of Security

The Borrower and the Guarantor shall not do anything to impair the ranking of the Security held by the Lender.

#### **ARTICLE 5 - REPRESENTATIONS AND WARRANTIES**

## 5.1 Representations and Warranties

The Borrower and the Guarantor each represent and warrant to the Lender and acknowledge that the Lender is relying on such representations and warranties in entering into this Agreement as follows:

- (a) The Borrower, the Guarantor, Sherwood Forest Square Ltd. and RHP Vale Station Developments GP Corp. are corporations duly incorporated, organized and subsisting under the laws of the Province of Ontario;
- (b) The Borrower and the Guarantor have the power and authority to enter into and perform their obligations under this Agreement;
- (c) The execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate or other actions; and
- (d) The execution of this Agreement does not conflict with or result in the breach or violation of or constitute a default under its constating documents or by-laws, or any judgment, commitment, agreement or any other instruments to which it is bound, nor requires the consent or approval of any other party.

The representations and warranties set forth herein shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the repayment of the Indebtedness and any other amounts due under this Agreement by the Borrower and the Guarantor to the Lender.

## ARTICLE 6 - SECURITY

### 6.1 Security

The Security and the Additional Security shall continue to be held by the Lender hereunder until the Amounts Outstanding, and any other obligations of the Borrower and the Guarantor under this Agreement have been paid and satisfied in full.

## ARTICLE 7 - DEFAULT

### 7.1 Events of Default

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

- (a) An agreement of purchase and sale for the sale of the Project is not entered into on or before September 1, 2024 with a closing date of on or before November 30, 2024;
- (b) Any default or failure in the observance or performance of any covenant of the Borrower, or the Guarantor under this Agreement, the Security, the Additional Security or any other agreement with the Lender;
- (c) Any representation, warranty or statement contained herein or any document delivered pursuant hereto which is proved to be untrue or incorrect in any material respect;

- (j) If in the opinion of the Lender there occurs any material adverse change to the financial condition of the Borrower or the Guarantor;
- (k) The filing of a bona fide application or petition or the passing of a resolution for the winding up or dissolution of the Borrower, the Guarantor, Sherwood Forest Square Ltd., RHP Vale Station Developments GP Corp. or RHP Vale Station Developments LP;
- (l) The execution or any other process of any court or any other tribunal becoming enforceable against the Borrower or the Guarantor or distress or analogous process being taken or issued against the Borrower or the Guarantor or levied upon the Real Property or any part thereof, including without limitation, a warrant of distress for any taxes unless the same is being actively and diligently contested by the Borrower or the Guarantor to the satisfaction of the Lender;
- (m) The appointment of a receiver, receiver and manager, liquidator or other similar administration of the Real Property, or the taking by a secured party or any other encumbrancer of possession of the Real Property or any part thereof; and
- (n) The Borrower or the Guarantor committing or threatening to commit any act of bankruptcy, filing of voluntary assignment in bankruptcy, making a proposal, or taking other legal proceedings in respect of the settlement of any claims of creditors whether under the provisions of the *Bankruptcy and Insolvency Act* (Canada), *Companies Creditors Arrangement Act* (Canada), or otherwise or any of the Borrower or the Guarantor taking any proceedings which may result in bankruptcy or a stay of proceedings being declared.

Upon the occurrence of an Event of Default, the obligations of the Lender to forbear as set forth in Section 3.1 hereof shall immediately and automatically terminate without any obligation on the part of the Lender to notify the Borrower and the Guarantor and the Borrower and the Guarantor hereby consent to the Lender immediately enforcing its rights under this Agreement, the Security and the Additional Security. The Lender may waive any Event of Default in its sole and absolute discretion but no such waiver shall constitute a waiver of any other or subsequent Event of Default.

## **ARTICLE 8 - GENERAL**

### **8.1 Recitals**

The recitals to this Agreement and true, accurate and binding on the Parties and form part of this Agreement.

### **8.2 Entire Agreement**

This Agreement constitutes the entire agreement between the Lender, the Borrower, and the Guarantor and supersedes all prior agreements or discussions between the Lender, the Borrower and the Guarantor, whether written or oral, regarding the subject matter of this Agreement.

### **8.3 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.

#### 8.4 Costs and Expenses

All costs and expenses hereafter incurred by the Lender (including but not limited to legal fees on a full indemnity basis) in connection with the enforcement of this Agreement, the Loan and the Security shall be for the account of the Borrower and the Guarantor and shall be paid for by the Borrower and the Guarantor on a current basis forthwith upon presentation of invoices and in default of payment, shall be added to and form part of the Borrower's and the Guarantor's obligations under the Loan and the Security.

#### 8.5 Notice

Any notice required or permitted to be given hereunder or any tender or delivery of documents may be given in writing by email or personal delivery to the Parties at the following addresses:

If to any of the Borrower or Guarantor at:

1515 Gordon Street  
Suite 203,  
Guelph, ON N1L 1C9

Attention Scott Reid  
Email scott@reidsproperties.com

If to the Lender at:

695 Rupert Street  
Unit B, Waterloo Ont N2V 1Z5

Attention: Ian Cook  
Email: icook@cookhomes.ca

The date of receipt of such notice or delivery shall be the date of email or personal delivery to the address specified if personally delivered, unless such date is not a Business Day, in which event the date of receipt shall be the next Business Day immediately following the date of such delivery.

8.6 Relationship of Parties

Nothing in this Agreement shall be construed to change the relationship existing between the Borrower, the Guarantor, the Lender to other than the debtor-creditor relationship as it now exists. This Agreement is not intended to nor shall it create a partnership, joint venture or agency relationship between the Lender, the Borrower and the Guarantor.

8.7 Successors and Assigns

This Agreement shall not be assigned by any of the Borrower or the Guarantor unless authorized by the Lender in writing and this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and permitted assigns.

8.8 Governing Law

The Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

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

RHH RENTAL PROPERTIES LTD.

DocuSigned by:  
*Scott Reid*  
By: CE30E432D7D4442...  
Name: Scott Reid  
Title: ASO

DocuSigned by:  
*Scott Reid*  
CE30E432D7D4442...  
Scott Reid

1000931276 ONTARIO INC.

DocuSigned by:  
*Ian Cook*  
By: 16C002EF03A2416...  
Name: Ian Cook  
Title: ASO

***THIS IS EXHIBIT "F" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***


A handwritten signature in black ink, consisting of a stylized 'H' followed by a horizontal line and a flourish.

---

***A Commissioner Etc.***



***THIS IS EXHIBIT "G" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***

A handwritten signature in black ink, appearing to be 'J. R.', written over a horizontal line.

---

***A Commissioner Etc.***

**PROMISSORY NOTE**

FOR VALUE RECEIVED, RHH Rental Properties Ltd. (the “Borrower”), a corporation incorporated under the laws of the province of Ontario, promises to pay to 1000931276 Ontario Inc. (the “Lender”) at 695 Rupert St Unit B, Waterloo, ON N2V 1Z5, or such other place as the Lender shall inform the Borrower in writing in lawful money of Canada, the principal sum of One Million Six Hundred and Fifty Thousand Dollars (\$1,650,000) (the “Principal Amount”). The Principal Amount shall, subject to the provisions hereof, bear interest calculated monthly at a rate of fifteen percent (15.0%) per annum before and after maturity, default and judgment and until actual payment, with interest on overdue interest at the same rate. The Principal Amount together with any interest due thereon shall be payable in full on the earlier of: (i) the closing of the sale of the property referred to as the “W” in London, Ontario; and (ii) December 31, 2024.

The Borrower waives presentment, demand, notice of dishonour and protest or further notice of any kind and agrees that it shall remain liable in respect of this note as if presentment, demand, notice of dishonour and protest had been duly made or given.

This note shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

DATED: October 30, 2024.

**RHH Rental Properties Ltd.**

By:

DocuSigned by:  
*Scott Reid*  
CE30E432D7D4442

---

By: Scott Reid

Title: President

DIRECTION RE FUNDS

TO: 1000931276 Ontario Inc. (the "Lender")

RE: Loan to RHH Rental Properties Ltd. in the principal amount of \$1,650,000

---

The undersigned hereby authorizes and directs the Lender to make the funds with respect to the above-mentioned loan payable to the following bank account at Canadian Imperial Bank of Commerce:

---

SF SQUARE LP

000521822810  CAD

---

and this shall be your good and sufficient authority for so doing.

DATED the 30th day of October, 2024.

RHH RENTAL PROPERTIES LTD..

DocuSigned by:




Per: \_\_\_\_\_

Name: Scott Reid

Position: President

I have the authority to bind the Corporation.

***THIS IS EXHIBIT "H" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***

A handwritten signature in black ink, appearing to be 'J. R.', written over a horizontal line.

---

***A Commissioner Etc.***

# Payment Details



COOK HOMES WATERLOO LIMITED - 00025682

## PAYMENT ID: 27305

Payment Type Wire  
Status Bank Confirmed  
Entry Method Freeform  
Value Date 30/10/2024  
Tran Date 30/10/2024  
Credit Amount 1,650,000.00 CAD  
Debit Amount 1,650,000.00 CAD  
CIBC ID 73651283  
Charges BEN  
1st Confirmation 0073651283  
UETR

## FROM ACCOUNT

Number 000829103015  
Name 1000931276 ONTARIO INC.  
Type Deposit  
Bank CIBC

## ORIGINATOR INFORMATION

Name 1000931276 ONTARIO INC.  
ID 000829103015  
Type CUST  
Street Address 2 B-695 RUPERT ST  
City or Town WATERLOO  
Country CA

## BENEFICIARY

Name SF Square LP  
Street Address 1 203-1515 Gordon St  
City or Town Guelph  
Province ON  
Country CA  
Account 1822810

## BENEFICIARY BANK

Account Type Other  
Bank CIBC  
Street Address 1 59 Wyndham Street North  
Street Address 2 Guelph ON N1H 4E7  
Country CA

## AUDIT INFORMATION

|          | Timestamp              | User ID  | Company  |
|----------|------------------------|----------|----------|
| APPROVED | 30/10/2024 02:10:51 PM | 90588811 | 00025682 |
| APPROVED | 30/10/2024 02:10:51 PM | 90588811 | 00025682 |
| APPROVED | 30/10/2024 02:10:51 PM | 90588811 | 00025682 |
| APPROVED | 30/10/2024 02:10:51 PM | 90588811 | 00025682 |
| APPROVED | 30/10/2024 02:10:51 PM | 90588811 | 00025682 |
| APPROVED | 30/10/2024 02:10:51 PM | 90588811 | 00025682 |
| ENTERED  | 30/10/2024 02:06:33 PM | 92438171 | 00025682 |
| RELEASED | 30/10/2024 02:11:20 PM | _SYSTEM  | 00025682 |

## SETTLEMENT INFORMATION

|                | Timestamp              |
|----------------|------------------------|
| Extracted      | 30/10/2024 02:11:20 PM |
| Bank Received  | 30/10/2024 02:11:21 PM |
| Bank Confirmed | 30/10/2024 02:46:11 PM |

Continued

REPORT TOTALS

| Wires              | Total Debit Amount | Payments | Total Credit Amount | Payments |
|--------------------|--------------------|----------|---------------------|----------|
| Wires (CAD to CAD) | 1,650,000.00 CAD   | 1        |                     |          |



# Payment Details



COOK HOMES WATERLOO LIMITED - 00025682

## PAYMENT ID: 27433

Payment Type Wire  
 Status Bank Confirmed  
 Entry Method Freeform  
 Value Date 29/11/2024  
 Tran Date 29/11/2024  
 Credit Amount 1,300,000.00 CAD  
 Debit Amount 1,300,000.00 CAD  
 CIBC ID 74135148  
 Charges BEN  
 1st Confirmation 0074135148  
 UETR

## FROM ACCOUNT

Number 000829103015  
 Name 1000931276 ONTARIO INC.  
 Type Deposit  
 Bank CIBC

## ORIGINATOR INFORMATION

Name 1000931276 ONTARIO INC.  
 ID 000829103015  
 Type CUST  
 Street Address 2 B-695 RUPERT ST  
 City or Town WATERLOO  
 Country CA

## BENEFICIARY

Name SF Square LP  
 Street Address 1 203-1515 Gordon St  
 City or Town Guelph  
 Province ON  
 Country CA  
 Account 1822810

## BENEFICIARY BANK

Account Type Other  
 Bank CIBC  
 Street Address 1 59 Wyndham Street North  
 Street Address 2 Guelph ON N1H 4E7  
 Country CA

## AUDIT INFORMATION

|          | Timestamp              | User ID  | Company  |
|----------|------------------------|----------|----------|
| APPROVED | 29/11/2024 11:10:02 AM | 90588811 | 00025682 |
| APPROVED | 29/11/2024 11:10:02 AM | 90588811 | 00025682 |
| APPROVED | 29/11/2024 11:10:02 AM | 90588811 | 00025682 |
| APPROVED | 29/11/2024 11:10:02 AM | 90588811 | 00025682 |
| APPROVED | 29/11/2024 11:10:02 AM | 90588811 | 00025682 |
| APPROVED | 29/11/2024 11:10:02 AM | 90588811 | 00025682 |
| MODIFIED | 29/11/2024 09:38:27 AM | 92438171 | 00025682 |
| ENTERED  | 28/11/2024 02:19:57 PM | 92438171 | 00025682 |
| RELEASED | 29/11/2024 11:10:30 AM | _SYSTEM  | 00025682 |

## SETTLEMENT INFORMATION


|                | Timestamp              |
|----------------|------------------------|
| Extracted      | 29/11/2024 11:10:30 AM |
| Bank Received  | 29/11/2024 11:10:34 AM |
| Bank Confirmed | 29/11/2024 11:44:32 AM |

Continued

REPORT TOTALS

| Wires              | Total Debit Amount | Payments | Total Credit Amount | Payments |
|--------------------|--------------------|----------|---------------------|----------|
| Wires (CAD to CAD) | 1,300,000.00 CAD   | 1        |                     |          |

***THIS IS EXHIBIT "I" TO THE  
AFFIDAVIT OF IAN COOK  
SWORN BEFORE ME THIS 10<sup>TH</sup>  
DAY OF FEBRUARY, 2026***

A handwritten signature in black ink, appearing to be the name of the Commissioner, written over a horizontal line.

---

***A Commissioner Etc.***

## SECOND AMENDED AND RESTATED FORBEARANCE AGREEMENT

made as of the 28<sup>th</sup> day of November, 2024

### WHEREAS:

- A. Pursuant to a Promissory Note dated September 26, 2022 (the "Note") issued by RHH Rental Properties Ltd. (the "Borrower") to 1021294 Ontario Limited (which amalgamated and continued as 1000931276 Ontario Inc. the "Lender"), the Borrower is indebted to the Lender in connection with a loan (the "Original Loan") originally in the principal amount of \$10,800,000 and due and payable on December 21, 2022 (the "Due Date").
- B. The Lender advanced a further principal amount of \$4,400,000 (the "Additional Loan") on September 7, 2023.
- C. The Lender advanced another further principal amount of \$1,650,000 (the "Second Additional Loan").
- D. The Lender advanced or will advance on the date hereof another further principal amount of \$1,300,000 (the "Third Additional Loan").
- E. The obligations of the Borrower under the Original Loan, the Additional Loan, the Second Additional Loan and the Third Additional Loan (collectively, the "Loan") are guaranteed by Scott Reid (the "Guarantor").
- F. The Loan is secured by security, all of which is hereinafter referred to, collectively, as the "Security", which consists of, but is not limited to:
  - i. a general security agreement given by Borrower to the Lender which the Borrower acknowledges includes a security interest in all amounts owing by Sherwood Forest Square LP or any other party to the Borrower in connection with the amounts advanced by the Borrower to the W Project;
  - ii. a pledge of shares by the Guarantor of the shares the Guarantor directly or indirectly owns in the capital of the Borrower.
- G. The Borrower has failed to repay the Loan.
- H. The Lender is a shareholder of and the Guarantor is an indirect shareholder of West Haven Limited which is developing a project in Waterloo, Ontario (the "Project").
- I. Certain funds in the amount of approximately \$4,900,000 (the "Diverted Funds") that were intended for the development of the Project were diverted by the Guarantor and the Borrower for other purposes.

- J. The Lender intends to advance additional amounts to West Haven Limited to satisfy certain creditor claims arising as a result of the diversion of funds some of which additional amounts may be repaid from a construction loan advance to be advanced to West Haven Limited.
- K. The Borrower controls the general partner and is a limited partner in the project (the "W Project") in London, Ontario and has advanced certain funds to complete the W Project.
- L. The Borrower is in discussions to sell the W Project which sale is anticipated to close in December of 2024.
- M. All amounts owing by the Borrower and/or Guarantor to the Lender and/or West Haven Limited together with interest thereon and any other charges or fees incurred by the Lender and/or West Haven Limited in connection therewith (including without limitation the Original Loan, the Additional Loan, the Second Additional Loan, the Third Additional Loan and the Diverted Funds) are referred to herein as the "Amounts Owing".
- N. The Borrower and the Guarantor have requested that the Lender forbear from exercising recourse against them or the Security and the Lender has agreed to so forbear subject to the terms and conditions contained herein.

NOW THEREFORE WITNESSETH that in consideration of the sum of ten dollars (\$10.00) and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, the Parties agree with each other as follows:

#### ARTICLE 1 - INTERPRETATION

1.1 Definitions - the following terms shall have the following meanings:

- (a) **"Amounts Owing"** has the meaning set forth in the recitals above;
- (b) **"Borrower"** has the meaning ascribed thereto in Recital A of this Agreement;
- (c) **"Business Day"** means any day other than a Saturday, Sunday or public holiday in the Province of Ontario;
- (d) **"Event of Default"** has the meaning ascribed thereto in Section 7.1 of this Agreement;
- (e) **"Guarantor"** has the meaning ascribed thereto in Recital B of this Agreement;
- (f) **"Lender"** has the meaning ascribed thereto in Recital A of this Agreement;
- (g) **"Loan"** has the meaning ascribed thereto in Recital A of this Agreement;

- (k) **"Parties"** means any one or more parties referred to in this Agreement, as the context may require;
- (m) **"Security"** has the meaning ascribed thereto in Recital C of this Agreement.

## **ARTICLE 2 - ACKNOWLEDGMENTS**

### 2.1 Acknowledgments

The Borrower and the Guarantor hereby irrevocably acknowledge and agree that:

- (a) The Loan is in default as a result of the failure of the Borrower and the Guarantor to repay the Loan on the Due Date;
- (b) Interest is payable under the Loan as specified in the Note;
- (c) The Diverted Funds are owing by the Borrower and/or Guarantor to West Haven Limited;
- (d) Additional amounts will be owed to the Lender as a result of the Lender advancing additional funds in order to cover costs intended to be paid by the Diverted Funds;
- (e) There is no dispute regarding the quantum of the Amounts Owed;
- (f) The Amounts Owed is owing by each the Borrower and the Guarantor to the Lender and is due and payable;
- (g) There is no dispute respecting the liability of the Borrower and the Guarantor to repay the Amounts Owed in full on any grounds whatsoever;
- (h) The Security is good and valid security for payment of the Loan and none of the Security has been released, waived or varied except as set forth in this Agreement; and
- (i) The Guarantor consents to the Borrower entering into this Agreement.

### 2.2 Waiver and Release

Each of the Borrower and the Guarantor acknowledge that the actions of the Lender in the administration of the Loan and the Security to date and in entering into this Agreement have been fair and reasonable and each of them hereby waives and agrees not to assert or cause to be asserted any defences, rights, claims, assessments, or set-offs existing as at the date of this Agreement with respect to the foregoing or with respect to the Indebtedness and each hereby releases and remises the Lender from any and all claims with respect thereto, save and except, as may arise directly from this Agreement. Further, in executing and delivering this Agreement,

each of the Borrower and the Guarantor have received or have had the opportunity to receive independent legal advice and are acting freely and without duress.

### **ARTICLE 3 - FORBEARANCE**

#### **3.1 Forbearance**

Subject to and in accordance with the terms of this Agreement, provided that:

- (a) The Borrower pledges of all of its shares in the capital of Sherwood Forest Square Ltd. to the Lender;
- (b) The Guarantor pledges all of the shares RHP Vale Station Developments GP Corp. to the Lender;
- (c) The Guarantor pledges all of his units in the capital of RHP Vale Station Developments LP to the Lender;
- (d) The Guarantor pledges all of the shares it directly or indirectly owns in the capital of the Borrower to the Lender; and
- (e) The Guarantor causes RHP Vale Station Developments LP and RHP Vale Station Developments GP Corp. to guarantee the Amounts Outstanding and to pledge the shares in the capital of West Haven Limited owned by RHP Vale Station Developments LP.,

Lender agrees to forbear in the exercise of the Lender's remedies with respect to the Indebtedness, or pursuant to the Loan and under the Security unless and until there is an Event of Default. All of the foregoing being referred to herein as the "Additional Security".

#### **3.2 Timely Performance**

It is intended by all Parties hereto that the obligations in this Agreement shall be performed strictly in accordance with the provisions of this Agreement and in a timely manner, with time being of the essence. Accordingly, should default occur in the timely performance of obligations by any of the Borrower or the Guarantor for any reason whether within or beyond the control of any of them, the Lender shall upon the occurrence of such default be immediately entitled to rely upon their rights and remedies as set forth in this Agreement.

### **ARTICLE 4 - BORROWER'S AND GUARANTOR'S COVENANTS**

4.1 Subject to the terms and conditions contained in Article 3 hereof, and in addition to any other covenants contained herein under the Security, each of the Borrower and the Guarantor covenant and agree with the Lender that:

- (a) Maintain Status

Each of the Borrower and the Guarantor shall maintain its existence as a valid and subsisting corporate entity;

(b) Further Assurances

The Borrower and the Guarantor agree to sign or execute all such other documents and such other things as may be necessary or desirable for more completely and effectively carrying out the terms and intentions of this Agreement;

(c) No Corporate Changes

Neither the Borrower nor the Guarantor shall merge, amalgamate or consolidate with any other corporation except with the prior written consent of the Lender;

(d) No Additional Shares

The Borrower and Guarantor will not permit Sherwood Forest Square Ltd., the Borrower or Vale Station Developments GP Corp. to issue any additional shares from Treasury or RHP Vale Station Developments LP to issue any additional units;

(e) Notice of Proceedings

The Borrower and the Guarantor shall give the Lender prompt written notice of any litigation, arbitration or administered proceedings before any court, arbitration, tribunal or government authority, or dispute affecting the Borrower, the Guarantor or the W Project in London, Ontario owned by SF Square LP (the "Real Property"); and

(f) Priority of Security

The Borrower and the Guarantor shall not do anything to impair the ranking of the Security held by the Lender.

**ARTICLE 5 - REPRESENTATIONS AND WARRANTIES**

5.1 Representations and Warranties

The Borrower and the Guarantor each represent and warrant to the Lender and acknowledge that the Lender is relying on such representations and warranties in entering into this Agreement as follows:

- (a) The Borrower, the Guarantor, Sherwood Forest Square Ltd. and RHP Vale Station Developments GP Corp. are corporations duly incorporated, organized and subsisting under the laws of the Province of Ontario;

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

The representations and warranties set forth herein shall survive the execution and delivery of this Agreement and shall continue in full force and effect until the repayment of the Indebtedness and any other amounts due under this Agreement by the Borrower and the Guarantor to the Lender.

## **ARTICLE 6 - SECURITY**

### 6.1 Security

The Security and the Additional Security shall continue to be held by the Lender hereunder until the Amounts Outstanding, and any other obligations of the Borrower and the Guarantor under this Agreement have been paid and satisfied in full. Without limiting the generality of the foregoing, it is specifically agreed and confirmed that the Security and Additional Security secure the Second Additional Advance.

## **ARTICLE 7 - DEFAULT**

### 7.1 Events of Default

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

- (a) An agreement of purchase and sale for the sale of the W Project is not entered into on or before November 15, 2024 with a closing date of on or before December 31, 2024;
- (b) Any default or failure in the observance or performance of any covenant of the Borrower, or the Guarantor under this Agreement, the Security, the Additional Security or any other agreement with the Lender;
- (c) Any representation, warranty or statement contained herein or any document delivered pursuant hereto which is proved to be untrue or incorrect in any material respect;
- (j) If in the opinion of the Lender there occurs any material adverse change to the financial condition of the Borrower or the Guarantor;

- (k) The filing of a bona fide application or petition or the passing of a resolution for the winding up or dissolution of the Borrower, the Guarantor, Sherwood Forest Square Ltd., RHP Vale Station Developments GP Corp. or RHP Vale Station Developments LP;
- (l) The execution or any other process of any court or any other tribunal becoming enforceable against the Borrower or the Guarantor or distress or analogous process being taken or issued against the Borrower or the Guarantor or levied upon the Real Property or any part thereof, including without limitation, a warrant of distress for any taxes unless the same is being actively and diligently contested by the Borrower or the Guarantor to the satisfaction of the Lender;
- (m) The appointment of a receiver, receiver and manager, liquidator or other similar administration of the Real Property, or the taking by a secured party or any other encumbrancer of possession of the Real Property or any part thereof; and
- (n) The Borrower or the Guarantor committing or threatening to commit any act of bankruptcy, filing of voluntary assignment in bankruptcy, making a proposal, or taking other legal proceedings in respect of the settlement of any claims of creditors whether under the provisions of the *Bankruptcy and Insolvency Act* (Canada), *Companies Creditors Arrangement Act* (Canada), or otherwise or any of the Borrower or the Guarantor taking any proceedings which may result in bankruptcy or a stay of proceedings being declared.

Upon the occurrence of an Event of Default, the obligations of the Lender to forbear as set forth in Section 3.1 hereof shall immediately and automatically terminate without any obligation on the part of the Lender to notify the Borrower and the Guarantor and the Borrower and the Guarantor hereby consent to the Lender immediately enforcing its rights under this Agreement, the Security and the Additional Security. The Lender may waive any Event of Default in its sole and absolute discretion but no such waiver shall constitute a waiver of any other or subsequent Event of Default.

## **ARTICLE 8 - GENERAL**

### **8.1 Recitals**

The recitals to this Agreement and true, accurate and binding on the Parties and form part of this Agreement.

### **8.2 Entire Agreement**

This Agreement constitutes the entire agreement between the Lender, the Borrower, and the Guarantor and supersedes all prior agreements or discussions between the Lender, the Borrower and the Guarantor, whether written or oral, regarding the subject matter of this Agreement.

### 8.3 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.

### 8.4 Costs and Expenses

All costs and expenses hereafter incurred by the Lender (including but not limited to legal fees on a full indemnity basis) in connection with the enforcement of this Agreement, the Loan and the Security shall be for the account of the Borrower and the Guarantor and shall be paid for by the Borrower and the Guarantor on a current basis forthwith upon presentation of invoices and in default of payment, shall be added to and form part of the Borrower's and the Guarantor's obligations under the Loan and the Security.

### 8.5 Notice

Any notice required or permitted to be given hereunder or any tender or delivery of documents may be given in writing by email or personal delivery to the Parties at the following addresses:

If to any of the Borrower or Guarantor at:

1515 Gordon Street  
Suite 203,  
Guelph, ON N1L 1C9

Attention Scott Reid  
Email scott@reidsproperties.com

If to the Lender at:

695 Rupert Street  
Unit B, Waterloo Ont N2V 1Z5

Attention: Ian Cook  
Email: icook@cookhomes.ca

The date of receipt of such notice or delivery shall be the date of email or personal delivery to the address specified if personally delivered, unless such date is not a Business Day, in which event the date of receipt shall be the next Business Day immediately following the date of such delivery.

8.6 Relationship of Parties

Nothing in this Agreement shall be construed to change the relationship existing between the Borrower, the Guarantor, the Lender to other than the debtor-creditor relationship as it now exists. This Agreement is not intended to nor shall it create a partnership, joint venture or agency relationship between the Lender, the Borrower and the Guarantor.

8.7 Successors and Assigns

This Agreement shall not be assigned by any of the Borrower or the Guarantor unless authorized by the Lender in writing and this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and permitted assigns.

8.8 Governing Law

The Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

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

RHH RENTAL PROPERTIES LTD.

DocuSigned by:  
*Scott Reid*  
By: \_\_\_\_\_  
Name: Scott Reid  
Title: ASO

DocuSigned by:  
*Scott Reid*  
\_\_\_\_\_  
Scott Reid

1000931276 ONTARIO INC.

DocuSigned by:  
*Ian Cook*  
By: \_\_\_\_\_  
Name: Ian Cook  
Title: ASO

AND IN THE MATTER OF THE BANKRUPTCY OF SF SQUARE GP CORP.  
OF THE CITY OF GUELPH, IN THE PROVINCE OF ONTARIO

Bankruptcy Court File No: BK-25-03230607-0035  
Estate No.: 35-3230607

---

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT  
LONDON

---

**AFFIDAVIT OF IAN COOK**  
(sworn February 10, 2026)

---

**CHAITONS LLP**  
5000 Yonge Street, 10th Floor  
Toronto, Ontario M2N 7E9

**Maya Poliak (LSO No. 54100A)**  
Tel: (416) 218-1161  
E-mail: [maya@chaitons.com](mailto:maya@chaitons.com)

**Lawyers for 1000931276 Ontario Inc.**

AND IN THE MATTER OF THE BANKRUPTCY OF SF SQUARE GP CORP.  
OF THE CITY OF GUELPH, IN THE PROVINCE OF ONTARIO

Bankruptcy Court File No: BK-25-03230607-0035  
Estate No.: 35-3230607

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**  
PROCEEDING COMMENCED AT  
LONDON

**RESPONDING MOTION RECORD**  
**(Returnable May 13, 2026)**

**CHAITONS LLP**

5000 Yonge Street, 10th Floor  
Toronto, Ontario M2N 7E9

**Maya Poliak (LSO No. 54100A)**

Tel: (416) 218-1161

E-mail: [maya@chaitons.com](mailto:maya@chaitons.com)

**Lawyers for 1000931276 Ontario Inc.**