

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

B E T W E E N:

ZAHERALI VISRAM

Applicant

and

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMEDNED

MOTION RECORD

March 2, 2018

GOLDMAN HINE LLP,
Barristers
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Toronto, Ontario M5H 2Y4

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Maryam Shahidi (70453N)

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Lawyers for the Moving Party, 650 Bay
Limited Partnership and 650 Bay GP Inc.

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Tab 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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B E T W E E N:

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NOTICE OF MOTION

THE MOVING PARTIES, 650 Bay Limited Partnership (“**650 Bay LP**”), its general partner, 650 Bay GP Inc. (“**650 Bay GP**”) and its limited partner, 650 Bay Lalu LP Holdings Inc. (“**Lalu Holdings**”), will make a motion to a judge presiding over the Commercial List on a date to be set, at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

THE MOTION IS FOR:

1. An Order directing A. Farber & Partners Inc. (the “**Receiver**”), in its capacity as court appointed receiver of the assets, undertakings and properties of 2220277 Ontario Inc. (“**222**”

- Ontario**”), to assign and to transfer one limited partnership unit (the “**Unit**”) of 650 Bay LP to Lalu Holdings, or as Lalu Holdings may direct, immediately upon the determination of this motion;
2. In the alternative, an Order directing the Receiver to assign and to transfer the Unit immediately to Lalu Holdings, or as it may direct, on such terms as may be ordered by this Honourable Court;
 3. In the further alternative, an Order directing the Receiver to assign and to transfer the Unit immediately to Lalu Holdings and permitting 650 Bay LP to interplead the sum of \$300,000 into court;
 4. An Order abridging the time for service of this Notice of Motion and of the Motion Record of the Moving Parties;
 5. If necessary, an Order validating service of this Notice of Motion and of the Motion Record of the Moving Parties by courier on Thinking Capital, Holand Leasing (1995) Ltd. and Canada Revenue Agency and by email on all other parties set out in the Service List attached hereto as Schedule “A”;
 6. In the alternative, an Order for substituted service of the Application Record by whatever means the court directs;
 7. Costs of this motion on a substantial indemnity basis; and
 8. Such further and other relief as this Honourable Court may find just.

THE GROUNDS FOR THE MOTION ARE:

1. 650 Bay LP was created on July 12, 2016 for the purposes of acquiring and redeveloping four adjoining properties municipally known as:
 - a. 57 Elm Street, 59 Elm Street and 61 Elm Street, in the City of Toronto, Ontario (the “**Elm Street Properties**”); and
 - b. 55 Elm Street/650 Bay Street, in the City of Toronto, Ontario (“**650 Bay**”).
2. 650 Bay LP consists of a general partner, 650 Bay GP, and two limited partners, Lalu Holdings and 9329293 Canada Inc. (“**932 Canada**”).
3. On or about July 29, 2016, 650 Bay GP, the two limited partners, and others, including Evan Karras (“**Karras**”), as principal and sole shareholder of 932 Canada, entered into an Amended and Restated Limited Partnership Agreement (the “**LP Agreement**”).
4. In accordance with the provisions of the LP Agreement, 932 Canada subscribed for a single limited partnership unit which was issued to the Respondent, 222 Ontario, as 932 Canada’s nominee. 222 Ontario is not, and has never been, a limited partner in 650 Bay LP.
5. As of the date of this Notice of Motion, Lalu Holdings has subscribed for and has been issued 6,500 limited partnership units of 650 Bay LP.
6. 650 Bay LP, 650 Bay GP, 932 Canada, 222 Ontario and Karras also entered into a Share Transfer Agreement, made as of July 29, 2017 (the “**Transfer Agreement**”), pursuant to which 650 Bay LP was to acquire beneficial ownership of 650 Bay by purchasing all of the issued and outstanding shares of 222 Ontario.

7. The purchase price of the shares of 222 Ontario was to be paid and satisfied by the issuance of additional limited partnership units to 932 Canada.
8. As 650 Bay LP was unable to acquire all of the issued and outstanding shares of 222 Ontario, no additional limited partnership units have ever been subscribed for or issued to 932 Canada or to its nominee, 222 Ontario.
9. In reliance on the LP Agreement and the Transfer Agreement, 650 Bay LP has incorporated three wholly owned holding companies, each of which purchased title to one of the three Elm Street Properties.
10. On August 2, 2017, the Receiver was appointed over the assets and business of 222 Ontario, which included 650 Bay.
11. On October 3, 2017, the Receiver, as vendor, and 650 Bay Holdco Inc., as purchaser, entered into an agreement of purchase and sale (the “**APS**”) pursuant to which the Receiver agreed to sell and 650 Holdco agreed to purchase certain assets, including 650 Bay, for \$12,000,000. This transaction was to close on February 9, 2018.
12. As required by the APS, 650 Holdco has provided the Receiver with a deposit of \$1.2 million, which deposit shall be forfeited to the Receiver if 650 Bay Holdco is unable to close the purchase of 650 Bay.
13. The closing date has been extended by the parties from February 9 to February 28, 2018 and the parties have agreed to a further amendment to the APS, which amendment, *inter alia*, further extends the closing date from February 28, 2018 to March 16, 2018, entitle the Receiver to a fee of \$25,000 and increase the deposit from \$1,200,000 to \$1,500,000.

14. In order to close the purchase of 650 Bay, 650 Holdco will require financing which is to be secured, in part, by a mortgage registered on title to 650 Bay and by collateral mortgages registered on title to the Elm Street Properties.
15. 650 Bay Holdco will be unable to obtain the financing necessary to close the purchase of 650 Bay unless the Receiver transfers the Unit pursuant to the direction provided by 932 Canada.
16. On October 11, 2017, 650 Bay LP and 650 Bay GP commenced arbitration proceedings against Karras and 932 Ontario concerning, *inter alia*, the failure to transfer the shares of 222 Ontario pursuant to the LP Agreement and the Transfer Agreement.
17. On February 15, 2018, the parties to the arbitration entered into minutes of settlement pursuant to which:
 - a. 932 Canada and Karras agreed, *inter alia*, to acknowledge and agree that they have no interest, whether directly or indirectly, beneficially or otherwise, in 650 Bay LP, or in any assets, business or affairs of 650 Bay LP, including, but not limited to, the Elm Street Properties and 650 Bay; and
 - b. 650 Bay LP agreed to pay \$300,000 (the “**Settlement Funds**”) to 932 Canada in two instalments: \$100,000 after the Receiver executes an assignment and transfer form (the “**Assignment**”) transferring the Unit from 222 Ontario to lalu Holdings and \$200,000 upon the later of the transfer of the Unit and the closing of the purchase of 650 Bay by 650 Holdco.
18. In accordance with the Minutes of Settlement, on or about February 15, 2018, 932 Canada

irrevocably authorized and directed the Receiver to execute and to deliver the Assignment.

19. The Receiver has refused to comply with this direction unless the Settlement Funds are paid into court, rather than to 932 Canada pursuant to the Minutes of Settlement.
20. 932 Canada has refused to consent to the Receiver's condition.
21. Unless the Unit is transferred to Lalu Holdings, 650 Holdco will be unable to close the Purchase of 650 Bay on March 16, 2018 and 650 Holdco will forfeit its deposit of \$1,500,000 to the Receiver.
22. Rules 1.04, 2.01, 2.03, 3.02, 16.04, 37, 40 and 43 of the *Rules of Civil Procedure* and section 101 of the *Courts of Justice Act*; and
23. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The affidavit of Cheng Ming, sworn March 2, 2018;
2. Such further and other evidence as counsel may provide and this Honourable Court may permit.

March 2, 2018

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Lawyers for the Applicants

TO: See Schedule "A" attached.

Schedule A

SERVICE LIST

(as at February 21, 2018)

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ZAHERALI VISRAM
Applicant

v.

2220277 ONTARIO INC.
Respondent
Court File No.: CV-17-11811-00CL

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

PROCEEDING COMMENCED AT TORONTO

NOTICE OF MOTION

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Lawyers for 650 Bay Limited Partnership, 650
Bay GP Inc. and 650 Bay Lalu LP Holdings Inc.

Tab 2

**ONTARIO
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(COMMERCIAL LIST)**

BETWEEN:

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**AFFIDAVIT OF LEI GUO
Sworn March 2, 2018**

I, LEI GUO, of the City of Markham, in the Province of Ontario, MAKE OATH AND SAY:

1. I am the President and a director of Lalu Canada Inc. ("**Lalu**"), which is the sole shareholder of the Moving Party, 650 Bay Holdco Inc. ("**650 Holdco**") and the sole shareholder of 650 Bay GP Inc. ("**650 Bay GP**"), which is the general partner of the 650 Bay Limited Partnership ("**650 Bay LP**"). As such, I have knowledge of the matters contained in this affidavit, except where I state, or the context suggests, that my knowledge is based upon information and belief, in which case I verily believe such information to be true.

2. 650 Bay LP was created on July 12, 2016 for the purposes of acquiring and redeveloping four adjoining properties municipally known as:
 - a. 57 Elm Street, 59 Elm Street and 61 Elm Street, in the City of Toronto, Ontario (the “**Elm Street Properties**”); and
 - b. 55 Elm Street/650 Bay Street, in the City of Toronto, Ontario (“**650 Bay**”).
3. 650 Bay LP consists of a general partner, 650 Bay GP, and two limited partners, 650 Bay Lalu LP Holdings Inc. (“**Lalu Holdings**”) and 9329293 Canada Inc. (“**932 Canada**”).
4. On July 29, 2016, 650 Bay GP, the two limited partners, and others, including Evan Karras (“**Karras**”), as principal and sole shareholder of 932 Canada, entered into an Amended and Restated Limited Partnership Agreement (the “**LP Agreement**”). Attached hereto as **Exhibit “A”** is a true copy of the LP Agreement.
5. The Respondent, 2220277 Ontario Inc. (“**222 Ontario**”) is not, and has never been, a limited partner in 650 Bay LP.
6. The LP Agreement contains provisions which prohibit the general partner, 650 Bay GP, from borrowing money absent the consent of the two limited partners with an interest in 650 Bay LP:

9.11 Further Restrictions upon the General Partner

Notwithstanding any other term of this Agreement, the General Partner shall not take any of the following actions, or permit the Project Manager or Property Manager to make or take any of the following actions, as applicable, (each a “**Major Decision**”) with respect to the Partnership *without the Approval of the Partners by Resolution of Limited Partners holding 100% of the Partnership Interests:*

...

- (j) *the borrowing of any money, the giving of any security or the making or incurring of any single capital expenditure in excess of Ten Thousand (\$10,000) Dollars or any capital expenditures which, in the aggregate, are in excess of Ten Thousand (\$10,000) Dollars in any financial year of the Partnership, except to the extent such actions are made in accordance with a previously approved annual Budget; ... [Emphasis added.]*

7. In accordance with the provisions of the LP Agreement and, in particular, Recital B, section 1.1 and Schedule “F” thereof, 932 Canada subscribed for a single limited partnership unit (the “**Unit**”) which was issued to the Respondent, 222 Ontario, as 932 Canada’s nominee.
8. Attached hereto as **Exhibit “B”** is a true copy of Unit Certificate A-002 certifying that 222 Ontario is the registered holder of one Class A limited partnership unit in 650 Bay LP.
9. As of the date of this Notice of Motion, Lalu Holdings has subscribed for and has been issued 6,500 limited partnership units of 650 Bay LP. Attached hereto as **Exhibit “C”** are true copies of Unit Certificate A-001 and A-003 certifying that Lalu Holdings is the registered holder of 6,500 Class A limited partnership units in 650 Bay LP.
10. No other limited partnership units have been subscribed for or issued.
11. 650 Bay LP, 650 Bay GP, 932 Canada, 222 Ontario and Karras also entered into a Share Transfer Agreement, made as of July 29, 2017 (the “**Transfer Agreement**”), pursuant to which 650 Bay LP was to acquire beneficial ownership of 650 Bay by purchasing all of the issued and outstanding shares of 222 Ontario. Attached hereto as **Exhibit “D”** is a true copy of the Transfer Agreement.
12. Pursuant to section 4.1(b) of the LP Agreement and section 2.3 of the Transfer Agreement, among others, the purchase price of the shares of 222 Ontario was to be paid and satisfied by the issuance of additional limited partnership units to 932 Canada.

13. As 650 Bay LP was unable to acquire all of the issued and outstanding shares of 222 Ontario, no additional limited partnership units have ever been subscribed for or issued to 932 Canada or to its nominee, 222 Ontario.
14. In reliance on the LP Agreement and the Transfer Agreement, 650 Bay LP has incorporated three wholly owned holding companies, each of which purchased and acquired title to one of the three Elm Street Properties, as nominees of 650 Bay LP.
15. On August 2, 2017, A. Farber & Partners Inc. (the “**Receiver**”) was appointed over the assets, undertakings and property of 222 Ontario, which assets included 650 Bay.
16. On October 3, 2017, the Receiver, as vendor, and 650 Bay Holdco Inc., as purchaser, entered into an agreement of purchase and sale (the “**APS**”) pursuant to which the Receiver agreed to sell and 650 Holdco agreed to purchase certain assets, including 650 Bay, for \$12,000,000. Attached hereto as **Exhibit “E”** is a true copy of the APS.
17. The APS includes the following provision:

15.1 Further Assurances

From time to time after Closing, each of the Parties shall execute and deliver such further documents and instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and which are not inconsistent with the terms hereof, including, at the Purchaser’s request and expense, the Receiver shall execute and deliver such additional conveyances, transfers and other assurances as may, in the opinion of the Parties or their counsel, acting reasonably, be reasonably required to effectually carry out the intent of this Agreement and transfer the Purchased Assets to the Purchaser.

18. The purchase of 650 Bay was initially to close on February 9, 2018, ten days after the issuance of an approval and vesting order granted by the Honourable Justice Hainey. The closing date was subsequently extended on consent to February 28, 2018. Attached hereto

as **Exhibit “F”** is a true copy of Approval and Vesting Order.

19. The Receiver has been provided with a deposit of \$1.2 million from, or on behalf of, 650 Holdco, in accordance with section 4.2 of the APS, which deposit shall be forfeited to the Receiver, in accordance with section 14.2 of the APS, if 650 Bay Holdco is unable to close the purchase of 650 Bay.
20. On February 28, 2018, 650 Holdco and the Receiver agreed to a further amendment to the APS, which amendment, among other things, further extends the closing date from February 28, 2018 to March 16, 2018, entitles the Receiver to a fee of \$25,000 and increases the deposit from \$1,200,000 to \$1,500,000. Attached hereto as **Exhibit “G”** is a true copy of the Agreement of Purchase and Sale Amending Agreement.
21. On October 11, 2017, 650 Bay LP and 650 Bay GP commenced arbitration proceedings against Karras and 932 Canada concerning, *inter alia*, the failure to transfer the shares of 222 Ontario pursuant to the LP Agreement and the Transfer Agreement before the appointment of the Receiver. Attached hereto as **Exhibit “H”** are true copies of the Notice of Arbitration and cover letter from Robert Hine (“**Hine**”), counsel for 650 Bay Holdco.
22. The Receiver was notified of the commencement of the arbitration. On October 11, 2017, Steven Graff (“**Graff**”), counsel for 650 Holdco, provided a draft of the Notice of Arbitration to the Receiver by email. Attached hereto as **Exhibit “I”** are copies of emails exchanged between counsel for 650 Holdco and Stuart Mitchell, a senior managing director at the Receiver.
23. On December 31, 2017, the Honourable Justice Farley was appointed arbitrator by order of the Honourable Justice Seppi. Attached hereto as **Exhibit “J”** is a true copy of that

Order.

24. On February 15, 2018, the parties to the arbitration settled their dispute and entered into minutes of settlement pursuant to which:
 - a. 932 Canada and Karras agreed, among other things, to acknowledge and agree that they have no interest, whether directly or indirectly, beneficially or otherwise, in 650 Bay LP, or in any assets, business or affairs of 650 Bay LP, including, but not limited to, the Elm Street Properties and 650 Bay; and
 - b. 650 Bay LP agreed to pay \$300,000 (the “**Settlement Funds**”) to 932 Canada in two instalments: \$100,000 after the Receiver executes an assignment and transfer form (the “**Assignment**”) transferring the Unit from 222 Ontario to Lalu Holdings and \$200,000 upon the later of the transfer of the Unit and the closing of the purchase of 650 Bay by 650 Holdco.

25. In accordance with the Minutes of Settlement, on or about February 15, 2018, 932 Canada irrevocably authorized and directed the Receiver to execute and to deliver the Assignment. Attached hereto as **Exhibit “K”** are true copies of the Minutes of Settlement and the Assignment.

26. Notwithstanding provision 15.1 of the APS, the Receiver has refused to comply with this direction unless the Settlement Funds are paid into court, rather than to 932 Canada pursuant to the Minutes of Settlement. On February 22, 2018, Sara-Ann Van Allen (“**Van Allen**”), counsel for the Receiver, wrote to 650 Holdco’s counsel, Graff, stating, among other things, that:

The Receiver is not in a position to execute the Assignment and Transfer Form providing for the transfer of the Unit, as it is unable to verify the accuracy of the documentation and the value of the Unit, if any, to the Debtor's estate. Although your client and Mr. Karras indicate that the Unit is of nominal value to the Debtor, the information from Mr. Karras regarding what the Debtor does and does not own has been inconsistent. There are other creditors of the Debtor who have security interests that may extend to the Unit and the Receiver has a duty to look out for the interests of all stakeholders.

... we outlined two options to effect the transfer of the Unit, (a) pay the \$300,000 settlement into court or to the Receiver in trust, or (b) bring a lift-stay motion and enforce your client's security interest in the Unit ...

27. Attached hereto as **Exhibit "L"** is a true copy of Van Allen's correspondence, dated February 22, 2018 and marked "With Prejudice".
28. I have been advised by Hine and verily believe that it would be difficult, if not impossible, to enforce a security interest in the Unit, as 650 Bay LP has settled all claims it has against 932 Canada, the beneficial owner of the Unit, in accordance with the Minutes of Settlement.
29. I am further advised by Hine and verily believe that 932 Canada has refused to consent to the payment of the Settlement Funds into court or to the Receiver in trust.
30. Lalu and 650 Bay GP are in the process of negotiating a term loan (the "**Loan**") in the amount of \$16,800,000 from Centurion Mortgage Capital Corporation ("**Centurion**") to be secured by, among other things, a registered first ranking mortgage over the Elm Street Properties and 650 Bay.
31. 650 Bay GP and 650 Holdco require the Loan to close the purchase of 650 Bay on March 16, 2018.

32. I am advised by David Forgione (“**Forgione**”), of Owens Wright LLP, real estate counsel for Lalu, and verily believe, that he is unable to provide potential lenders, including Centurion, with a corporate opinion confirming that 650 Bay LP has authorization to borrow money in excess of \$10,000 while the Unit remains outstanding.
33. Although the Minutes of Settlement contain a provision pursuant to which both Karras and 932 Canada consent to the refinancing and/or mortgaging of the Elm Street Properties and 650 Bay by 650 Bay LP or 650 Holdco, I am further advised by Forgione, and verily believe, that he remains unable to provide lenders with the above-mentioned opinion so long as the Receiver is maintaining that it is holding the Unit in any capacity other than as nominee for 932 Canada.
34. I am further advised by Forgione, and verily believe, that we will be unable to execute various security documents required by our lender as a result of the requirement for all limited partners to consent and/or be party to such security.
35. Unless 650 Bay GP can provide Centurion with a legal opinion that it has authority to borrow and to encumber the Elm Street Properties and 650 Bay, 650 Bay GP and 650 Holdco will be unable to obtain the Loan, or any other financing, which will be required to close the purchase of 650 Bay.
36. Accordingly, unless the Unit is transferred to 650 Lalu, 650 Holdco will be unable to close the Purchase of 650 Bay on March 16, 2018 and 650 Bay Holdco’s deposit of \$1,500,000, held by the Receiver, may be forfeited to the Receiver.
37. I am surprised by the Receiver’s insistence that the Settlement Funds be paid into court or to the Receiver in trust. The Settlement Funds are being paid pursuant to the Minutes of

Settlement as consideration for, among other things, the settlement of all disputes between 932 Canada and Karras and 650 Bay LP, 650 Bay GP, 650 Holdco, Lalu, Lalu Holdings and others. The direction sent from 932 Canada to 222 Ontario to execute the Assignment is only one part of the consideration that consideration.

38. In any event, even if 222 Ontario were not holding the Unit as nominee for 932 Canada, the Unit only has a nominal value.

39. Since 6,501 limited partnership units have been subscribed for and issued, the holder of a single unit is only entitled to 0.01538% of any profit that may be made from the development of the Elm Street Properties and 650 Bay. In other words, if the development were eventually to result in a profit of \$20,000,000, a single unit holder would only be entitled to \$3,076.45, at some unknown future date.

40. Of course, as 650 Bay LP has not yet purchased 650 Bay and has not obtained the necessary regulatory approvals, any profit to be made from development is speculative, further reducing the value of the Unit.

41. I make this affidavit for no improper purpose.

SWORN BEFORE ME at)
the Town of Richmond Hill,)
in the Province of Ontario,)
this 2nd day of March, 2018)
)
)



Commissioner for Taking Affidavits

David John Forgnone,
Barrister and Solicitor



LEI GUO

THIS IS **EXHIBIT A**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018


A COMMISSIONER, ETC.

AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

This Limited Partnership Agreement is effective as of the 29th day of July, 2016.

AMONG:

650 BAY GP INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called the "**General Partner**")

- and -

9329293 CANADA INC., a corporation incorporated under the laws of Canada (hereinafter called "**KarrasCo**")

- and -

2220277 ONTARIO INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called "**Karras Nominee**")

- and -

EVAN KARRAS, an individual resident in the Province of Ontario (hereinafter called the "**Principal**")

- and -

650 BAY LALU LP HOLDINGS INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called "**Lalu Holdings.**", and together with **KarrasCo**, the "**Limited Partners**" and each a "**Limited Partner**")

- and -

61 ELM HOLDCO INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called "**61 ElmCo**")

- and -

59 ELM HOLDCO INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called "**59 ElmCo**")

- and -

57 ELM HOLDCO INC., a corporation incorporated under the laws of the Province of Ontario (hereinafter called "**57 ElmCo**", and together with 61 ElmCo, 59 ElmCo and, following completion of the Evan Transfer, 222, the "**Nominees**")

WHEREAS:

- A. 650 Bay Limited Partnership (the "**Partnership**") was constituted by the filing of a Declaration on July 12, 2016 under the Act to register the Partnership as a limited partnership under the laws of the Province of Ontario. The General Partner, in its capacity as the general partner of the Partnership, and Lalu Holdings and KarrasCo, in the capacity as a limited partners, entered into a limited partnership agreement dated as of July 12, 2016 (the "**Original Limited Partnership Agreement**") that sets out the terms and conditions upon which the Partnership was constituted and the agreement of the parties as to the conduct of the business and affairs of the Partnership.
- B. KarrasCo has directed that the original ownership of units of the Partnership be held by its nominee, Karras Nominee;
- C. In connection with the transactions contemplated by this Agreement, the Partners have agreed to amend and restate in its entirety the Original Limited Partnership Agreement.
- D. The Nominees are party to this Agreement solely for the purpose of acknowledging, severally, the ownership of the shares of each of Nominee as being held by the Partnership and each Nominee's agreement to not issue any shares of it to any Person other than the Partnership without the approval of Limited Partners holding 100% of the Class A Units, the intent being that each Nominee shall at all times remain a wholly-owned subsidiary of the Partnership. Each Nominee will hold legal title to the specified real property, which is beneficially owned by the Partnership.
- E. 2220277 Ontario Inc. ("**222**") is the registered owner of certain lands and premises, in the City of Toronto, municipally known as 55 Elm Street (also known as 650 Bay Street) and defined in Schedule "E" (the "**Bay Street Property**".) Evan Karras is the sole shareholder of 222.
- F. Additionally, 222 is the registered owner of certain lands and premises, in the City of Toronto, municipally known as 61 Elm Street (the "**Elm Street Property**")
- G. Additionally 222 owns all of the issued and outstanding shares in 8517878 Canada Inc. ("**851**") and 2414914 Ontario Limited ("**241**").
- H. 851 is the registered owner of certain lands and premises, in the City of Toronto, municipally known as 57 Elm Street, which is defined in Schedule "E" (the "**851 Property**").
- I. 241 is the registered owner of certain lands and premises, in the City of Toronto, municipally known as 59 Elm Street, which is defined in Schedule "E" (the "**241**")

Property" and together with the Bay Street Property, the Elm Street Property and 851 Property, is collectively the "**Property**").

- J. 222 has produced and developed certain plans, drawings, rezoning applications and other documents and has caused to be carried out certain studies and investigations, with respect to the potential development and construction, on the lands comprising the Property, of a mixed use commercial and high-rise residential condominium project (the said plans, drawings, rezoning applications and studies and investigations herein being the "**Plans and Studies**").
- K. The Partnership will indirectly acquire the Bay Street Property and the Plans and Studies through the acquisition of 222, subject to the 650 Bay Debt, being all debt on the Bay Street Property, for purposes of redeveloping the Property (the "**Evan Transfer**"). The Principal will enter into an Agreement of Purchase and Sale with the Partnership providing for the sale and to purchase by the Partnership of all of the issued and outstanding shares of 222 (the "**Evan Transfer Agreement**") on the terms more particularly described therein. At the time of closing of the Evan Transfer, 222 will not have any assets other than the 650 Bay Property and no liabilities other than the 650 Bay Debt and will have no subsidiaries or ownership interests in any other Person.
- L. The Plans and Studies include the acquisition of certain other adjoining property, specifically, the Elm Street Property, the 241 Property and the 851 Property (the "**Adjoining Lands**") in addition to the indirect acquisition of the of the Bay Street Property by the Partnership via the Evan Transfer. In addition, it is the intention of the Partnership to acquire certain other adjoining property from time to time as the Partners decide pursuant to the terms set forth herein (the "**Additional Lands**").
- M. The Partnership will purchase the Adjoining Lands from 222, 241 and 851, as applicable, (the "**Adjoining Property Transfer**") for purposes of redevelopment together with the Bay Street Property, which aggregate purchase price will be equal to \$7.2 million, of which 75% of the same shall be financed by way of a mortgage (the "**Adjoining Mortgage**") against the Adjoining Properties. Lalu Holdings will make a Capital Contribution forming part of its Capital Commitment to the Partnership in connection with the acquisition of the Adjoining Lands by the Partnership as set out herein.
- N. 851 will enter into an Agreement of Purchase and Sale respecting the 851 Property with the Partnership and 57 ElmCo, its nominee which will hold legal title of the 851 Property beneficially owned by the Partnership (the "**57 Elm Transfer Agreement**") transferring the 851 Property to 57 ElmCo on the terms more particularly described therein.
- O. 241 will enter into an Agreement of Purchase and Sale respecting the 241 Property with the Partnership and 59 ElmCo, its nominee which will hold legal title of the 241 Property beneficially owned by the Partnership (the "**59 Elm Transfer Agreement**") transferring the 241 Property to 59 ElmCo on the terms more particularly described therein.
- P. 222 will enter into an Agreement of Purchase and Sale respecting Elm Street Property with the Partnership and 61 ElmCo (the "**61 Elm Transfer Agreement**" and the 57 Elm

Transfer Agreement, the 59 Elm Transfer Agreement and the 61 Elm Transfer Agreement shall be collectively referred to as the "**Adjoining Property Transfer Agreements**") transferring the Elm Street Property to 61 ElmCo on the terms more particularly described therein in order to partially effect the Evan Transfer.

- Q. It is anticipated that the transactions contemplated by the Adjoining Property Transfer Agreements will be completed prior to the Evan Transfer. The Evan Transfer will be completed within thirty (30) days of the completion of the transactions contemplated by the Adjoining Property Transfer Agreements.
- R. The General Partner and the Limited Partners have established the Partnership under the Act for the purposes of acquiring and owning the Property and for the purpose of acquiring the Additional Lands and other lands from time to time, for redevelopment purposes and for financing, constructing, developing, marketing, selling and operating the Project (as defined below) and ancillary and related activities and otherwise maximizing the value of the Property (the "**Business**").
- S. Lalu Holdings, is a wholly-owned subsidiary of Lalu Canada Inc.
- T. The Partners additional subscriptions for Partnership Interests, in the form of Units (as defined below), by each of the General Partner and the Limited Partners are provided for in Section 4.1 hereof.
- U. The General Partner and the Limited Partners desire to enter into this Agreement for the purposes of recording the relationship among the parties and their respective rights and duties in the Partnership.
- V. Evan Karras is the sole shareholder of KarrasCo.

NOW THEREFORE in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree each with the others as follows:

ARTICLE 1

THE PARTNERSHIP

1.1 Recitals

The Parties acknowledge and confirm the truth and accuracy of the Recitals set forth above and agree and acknowledge that the Recitals are hereby incorporated by reference into and form part of this Agreement.

1.2 Formation.

The General Partner, Lalu Holdings and KarrasCo formed a limited partnership pursuant to the laws of the Province of Ontario effective upon the filing of the Declaration on July 12, 2016. The rights and obligations of the Partners shall be as provided in the Act, except as otherwise

provided herein. The Partnership shall continue until terminated in accordance with the provisions of this Agreement.

Upon formation of the Partnership, each of Lalu Holdings and KarrasCo contributed the sum of \$1.00 to the capital of the Partnership in exchange for 1 Class A Unit. Lalu Holdings and KarrasCo may subsequently subscribe for additional Class A Units in accordance with the terms of this Agreement.

1.3 Name.

The name of the Partnership shall be “**650 BAY LIMITED PARTNERSHIP**” or such other name or names as the General Partner may from time to time deem appropriate and is in compliance with the Act. The General Partner shall give written notice to the Limited Partners following any change of name of the Partnership.

1.4 Principal Place of Business.

The principal place of business and head office of the Partnership shall be 401 Bay Street, Suite 2410, Toronto, Ontario M5H 2Y4 or such other address as the General Partner may from time to time designate in a written notice, given before or following any such change, to the Limited Partners and effect by way of filing a Subsequent Declaration.

1.5 Commencement and Duration.

The Partnership was formed and commenced on the date of the filing of the Declaration and shall continue until it is terminated in accordance with the provisions of this Agreement and the Act.

1.6 Fiscal Year.

The fiscal year of the Partnership shall end on December 31, and thereafter each fiscal year shall commence on January 1, in each year unless otherwise determined by the General Partner in accordance with the terms hereof.

1.6 Maintaining Status of the Limited Partnership

The General Partner shall file, on a timely basis, whenever required, any Subsequent Declaration and shall do all things and cause to be executed and filed such certificates, declarations, instruments and documents, and shall amend the Register in such manner, as may be required under the laws of the Province of Ontario and the laws of any other province having jurisdiction in which the Partnership may carry on business to reflect the constitution of the Partnership. The General Partner and each Limited Partner shall execute and deliver as promptly as possible any documents that may be necessary or desirable to accomplish the purposes of this Agreement or to give effect to the formation and continuance of the Partnership under any and all applicable laws. The General Partner shall take all necessary actions on the basis of the information available to it in order to maintain the status of the Partnership as a limited partnership under the Act. The General Partner shall take every reasonable action necessary to preserve the limited liability of the Limited Partners and shall not take any action which, or omit to take any action

the omission of which, could reasonably be expected to jeopardize the limited liability of the Limited Partners.

If requested by the General Partner, each Limited Partner shall promptly execute all declarations, certificates and other documents consistent with the terms of this Agreement that are necessary for the General Partner to accomplish all filing, recording, publishing and other acts as may be appropriate to comply with all requirements for (a) the formation and operation of a limited partnership under the Laws of the Province of Ontario, (b) if the General Partner deems it advisable, the operation of the Partnership as an entity or partnership in which the Limited Partners have limited liability, in all jurisdictions where the Partnership proposes to operate or in which Limited Partners have addresses of record in the Partnership records, and (c) all other filings required or advisable to be made by the Partnership.

ARTICLE 2 **BUSINESS**

2.1 Business of the Partnership.

The Partnership has been formed for the purposes of carrying on the Business. The Partnership may also engage in such other ancillary, necessary or related activities as the General Partner deems advisable in order to carry on the Business of the Partnership.

2.2 Restrictions upon Business.

The Partnership shall not carry on business in any jurisdiction in which, in the opinion of counsel to the Partnership, compliance with the laws of that jurisdiction applicable to the Partnership will not permit the liability of the Limited Partners to be limited to the same extent that such Limited Partners enjoy limited liability under the laws of the Province of Ontario, unless the General Partner has taken all steps which may be required by the laws of that jurisdiction for the Limited Partners to benefit from such limited liability.

2.3 Confidential Information

The Partners agree that all information referable to the private internal affairs of the Partners and the Partnership received by or on behalf of the Partners, or any one of their respective officers, directors, servants, agents, shareholders or partners, shall be considered to have been received on an absolutely confidential basis, and save as hereinafter provided, shall not be disclosed or made accessible to any other Person whatsoever, or used for its own benefit or, to the extent that it is within the power of each Partner to control, disclosed to or used by or for the benefit of its officers, directors, servants, agents, shareholders or partners and to the intended or probable detriment of the other Partners either while this Agreement is in force or at any time thereafter.

Nothing in this Section 2.3 shall preclude disclosure of information referable to the Partnership:

- (a) to the officers, directors, servants, agents, shareholders, investors, potential investors, financing partners and lenders of a Partner and then only to the extent necessary;

- (b) necessary or desirable to assist in a transfer proposed to be made in accordance with this Agreement;
- (c) subject to reasonable prior notice, in pleadings or in evidence in the course of any legal proceedings under circumstances whereby a Partner is obliged to disclose such information;
- (d) as may be required by law or to any governmental authority having jurisdiction over such Partner or the Partnership and being entitled in law to receive such information, nor shall any Partner be precluded from extracting from such information financial data necessary to report on the status of such Partner's investment in the Partnership to its shareholders, lenders, professional advisers and such other Persons as a prudent owner of real estate would determine, acting reasonably;
- (e) by the General Partner as may be necessary or desirable in carrying out its duties and obligations as General Partner hereunder and under the Act or in connection with or furtherance of the Business; or
- (f) otherwise with the consent of the affected Partners.

ARTICLE 3
UNITS AND CERTIFICATES

3.1 Number and Type of Units

- (a) **Number.** The Partnership shall be authorized to issue an unlimited number of Partnership units of a class to be designated as Class A Units (the “**Class A Units**”) and one unit in the Partnership designated as a General Partner Unit (the “**General Partner Unit**”) (the Class A Units and the General Partner Unit shall collectively be referred to as the “**Units**”).
- (b) **Nature of Units.**
 - (i) Each Class A Unit of the Partnership, except as otherwise expressly provided herein, is identical and ranks *pari passu* with all other Class A Units of the Partnership. No Class A Unit shall have any preference, conversion, exchange, pre-emptive, redemption, or other right or priority in any circumstances over any other Unit except as specifically provided for herein.
 - (ii) The General Partner Unit represents a 0.0001% interest in the Partnership and entitles the General Partner to share in the profits and distributable cash of the business of the Partnership in an amount equal to 0.0001% in accordance with Section 7.4.
 - (iii) **Fully Paid.** The Partnership shall only issue Units as fully paid and non-assessable.

- (iv) **Fractions.** A Unit may be divided or split into fractions.
- (v) **Securities Transfer Act.** The Partnership Interest, including each Unit, shall be a “security” for the purposes of the *Securities Transfer Act*, 2006 (Ontario).

3.2 Certificates

- (a) **Entitlement.** The General Partner will deliver or cause to be delivered to each Limited Partner a Certificate specifying the number and type of Units held by such Limited Partner.
- (b) **Execution.** Each Certificate must be signed by a director or officer of the General Partner.
- (c) **Delivery.** A Certificate may be sent through the mail by registered prepaid mail or delivered to the order of the Limited Partner and neither the General Partner nor any Registrar and Transfer Agent appointed by the General Partner will be liable for any loss by a Limited Partner that results from the loss of a Certificate by reason that it is so sent.
- (d) **Manner of Registration.** Units may only be registered in the name of a single Person, unless the General Partner decides otherwise.
- (e) **Lost Certificates.** Where a Limited Partner claims that its Certificate has been defaced, lost, apparently destroyed or wrongfully taken, the General Partner shall issue a new Certificate in substitution for the original Certificate if the Limited Partner files with the General Partner a form of proof of loss and, at the option of the General Partner, an indemnity bond each in form and, in the case of the indemnity bond, in amount, satisfactory, in the opinion of the General Partner, to protect the General Partner and the Partnership from any loss, cost or damage that they may incur or suffer by complying with the request to issue a new Certificate and if the Limited Partner satisfies such other reasonable requirements as are imposed by the General Partner.

3.3 Subscription Agreements

Subject to the terms and provisions of this Agreement, a Person may subscribe for Units by delivering to the General Partner a subscription agreement or such other subscription form and power of attorney as may be approved by the General Partner from time to time, which shall be completed and executed in a manner acceptable to the General Partner, and such other instruments as the General Partner may request.

3.4 Subscription for Units

The General Partner shall be authorized, subject to the terms and provisions of this Agreement, to admit accepted subscribers for Class A Units as Limited Partners for a subscription price equal to the fair market value per Unit for such Units or such other price as the General Partner in its

sole discretion may determine. The General Partner shall have the right, in its discretion, to refuse to accept any subscription for Units. If, for any reason, a subscription for Units is not accepted or such subscription is accepted but the subscriber is not entered as a Limited Partner, the General Partner shall cause the Limited Partnership to refund to the subscriber the subscription price for such Units paid by such subscriber, without interest thereon or deduction therefrom. Upon the acceptance of such subscription by the General Partner, the General Partner will amend any required filings (including, if required, the Declaration) and amend the Register and show the name of the subscriber as a Limited Partner and the number of Units held by such subscriber as a Limited Partner and make such filings and recordings as are required by law, and such subscriber shall thereupon become a Limited Partner.

3.5 Admittance as Limited Partner

Subject to the terms hereof, upon the acceptance by the General Partner of a subscription for Class A Units and payment of the subscription price for such Units, all Limited Partners will be deemed to consent to the admission of the subscriber as a Limited Partner and the General Partner shall cause the subscriber to be entered on the Register as a Limited Partner. The rights and obligations of a subscriber for, or a transferee of, Units, as a Limited Partner under this Agreement, commence and are enforceable by and upon the Limited Partner, from the date on which the Register has been amended. No Person may become a Limited Partner unless such Person is (i) a Canadian within the meaning of the *Investment Canada Act* (Canada), (ii) a resident of Canada within the meaning of the Income Tax Act, (iii) not a "financial institution" for the purposes of sections 142.2 to 142.6 of the Income Tax Act and (iv) if a partnership, a Canadian partnership as defined in the Tax Act; provided that the General Partner is entitled to waive any such requirements in the sole discretion of the General Partner.

3.6 Receipt by Limited Partner

The receipt of any money, securities or other property from the Limited Partnership by a Person in whose name any Units are recorded or by the duly authorized agent of any such Person in that regard, shall be a sufficient and proper discharge for that amount of money, securities and other property payable, issuable or deliverable in respect of such Partnership Interests.

ARTICLE 4

CAPITAL CONTRIBUTIONS & FINANCING

4.1 Capital.

- (a) Each of the Limited Partners agrees to make further Capital Contributions, Capital Commitments and to advance its Undrawn Capital in respect of a further subscription for Partnership Interests, represented by Units, as set forth in this Article 4. Capital Contributions made hereunder and payable in cash shall be made by wire transfer of immediately available funds to the account specified in the related payment notice.
- (b) KarrasCo hereby subscribes Class A Units as follows: (a) if the 650 Bay Purchase Price is equal to or exceeds \$7,000,000, 3,499 Class A Units at an aggregate

subscription price equal to the 650 Bay Purchase Price and (b) if the 650 Bay Purchase Price is less than \$7,000,000, for such number of Class A Units as is equal to the 650 Bay Purchase Price divided by \$2,000.571, and KarrasCo agrees to make a Capital Commitment in the aggregate amount equal to the 650 Bay Purchase Price, such amount currently estimated be \$7,000,000.00 (based on the Debt (as defined in the Evan Transfer Agreement) being equal to \$8,000,000 on the closing of the Evan Transfer), as adjusted on the closing date of the Evan Transfer. KarrasCo's Undrawn Capital is, at the date of the execution of this Agreement, equal to \$7,000,000 and the Capital Commitment of KarrasCo shall be fully satisfied upon completion of the Evan Transfer pursuant to the terms of the Evan Transfer Agreement and thereupon Schedule "F" hereof shall be updated to reflect KarrasCo's Partnership Interest, Capital Commitment and Capital Contribution, which shall be equal, and which shall be the amount of the 650 Bay Purchase Price, and Undrawn Capital, which shall be nil. Contemporaneously with the closing of the Evan Transfer, KarrasCo will be issued such number Class A Units as equal to the number units subscribed for as determined in accordance with this subsection (b). For greater certainty, in connection with the completion of the Evan Transfer (a) KarrasCo and the Principal jointly and severally covenant and agree to satisfy and perform all of its liabilities and obligations under the Evan Transfer Agreement in accordance with the terms thereof; (b) 222 will deliver the Plans and Studies together with all lender consents and approvals to the change of control of 222, and (c) KarrasCo and the Principal jointly and severally make all of the representations and warranties and provide all of the covenants of KarrasCo and/or the Principal as set out in the Evan Transfer Agreement which are incorporated by reference and are repeated and form part of this Agreement. The General Partner agrees to accept such Capital Commitment and Capital Contribution from KarrasCo and to issue the Class A Units issuable to KarrasCo pursuant to this Agreement subject to and as set forth herein.

In addition, in the event that the 650 Bay Purchase Price is less than \$7,000,000 on closing of the Evan Transfer, KarrasCo hereby subscribes for, and the General Partner hereby accepts such subscription for, such Contingent Units (as defined in the Evan Transfer Agreement) issuable under the Evan Transfer Agreement pursuant to and in accordance with the terms of the Evan Transfer Agreement. For greater certainty, no Contingent Units will be issued following the Cut Off Date (as defined in the Evan Transfer Agreement). In the event that KarrasCo's subscription for any or all of the Contingent Units is completed, the Register will be updated to reflect KarrasCo's additional Capital Contribution and Partnership Interest represented by the issue of Contingent Units.

On or before the closing of the Evan Transfer, KarrasCo may, upon written notice to the Partnership, transfer ownership of its original 1 Class A Unit to KarrasCo provided that any such transfer shall not result in a default or breach of any term or provision of any other agreement entered into by the Partnership or an Affiliate.

- (c) The Principal, being the sole shareholder of KarrasCo and 222, agrees to grant a security interest and pledge over all of securities of KarrasCo and 222 to the Partnership to secure the obligations of the Principal, KarrasCo and 222 under the Evan Transfer Agreement, the Adjoining Property Transfer Agreements and this Agreement, in the form required by the Partnership. In the event that the Partnership enforces on the security interest and takes possession of any of the pledged shares, the Principal further agrees to fully indemnify and hold harmless the Partnership and each Limited Partner, and will reimburse or compensate them for, any loss, cost, liability, claim, interest, fine, penalty, assessment, damages available at law or in equity, expense (including reasonable costs, fees and expenses of legal counsel and reasonable costs, fees and expenses of investigation) or diminution in value, as a result of, respecting, in connection with or related, directly or indirectly, in any manner whatsoever to the enforcement over the pledged securities and any liability or obligation whatsoever of KarrasCo and/or 222 or related to the Evan Transfer, the Adjoining Property Transfer, the Adjoining Properties and/or the 650 Bay Property other than the liabilities constituting the 650 Bay Debt.
- (d) Lalu Holdings, subscribes for 6,499 Class A Units and agrees to make a Capital Commitment in an aggregate amount of \$13,000,000, which, assuming that the KarrasCo Contributed Capital is equal to \$7,000,000 will result in the Capital Commitment of Lalu Holdings being equal to 65% of the aggregate Capital Commitments of all Limited Partners following completion of the Evan Transfer and the determination of the Capital Commitment and Capital Contribution made by KarrasCo in connection with the Evan Transfer. Lalu Holdings hereby makes a Capital Contribution to the Partnership in an aggregate amount equal to 25% of the aggregate purchase price for the Adjoining Properties plus all closing and related costs, including land transfer taxes, financing and legal fees and expenses, such amount being equal to \$ _____ (assuming an aggregate purchase price for the Adjoining Properties being \$7,200,000), which Capital Contribution shall decrease the Undrawn Capital of Lalu Holdings. The General Partner hereby accepts such Capital Commitment and Capital Contributions from Lalu Holdings and will issue 6,499 Class A Units to Lalu Holdings. In addition, Lalu Holdings agrees to make further Capital Contributions, up to its Undrawn Capital, in accordance with the terms of this Agreement, which shall each decrease its Undrawn Capital, from time to time when required, in order to meet reasonable requirements for funds related to the purchase of the Adjoining Properties and the Evan Transfer and/or the development of the Business and/or the Properties. Any non-payment when such an expense and/or cost arises shall be treated as a default in payment of a Capital Amount pursuant to Section 5.4, *mutatis mutandis*. The Partners acknowledge that the Partners have contributed capital to the Partnership and as of the date of this Agreement, following the transactions set forth in this Section 4.1(b), their Contributed Capital, Committed Capital and Undrawn Capital are as indicated on Schedule "F", subject to adjustment as set forth herein. Each of the Limited Partners shall be issued the Class A Units set-out opposite its name in Schedule "F".

- (e) It is anticipated that the costs to develop the Project will be as set out on the pre-development budget attached as Schedule "G", as may be amended from time by the General Partner in its sole discretion, (the "**Project Budget**"). It is acknowledged and understood by the Limited Partners that such pre-development budget represents the current estimates and expectations of the General Partner and there is no representation or warranty that such budget will be accurate or achieved. The actual Project may materially change during the course of development as may the budget and business plan. Upon completion of each Project Budget, the General Partner shall submit the same to the Limited Partners for Approval of the Partners, which upon approval, pursuant to Section 9.11 it shall be considered an "Agreed Project Budget" more properly defined in Schedule "C" hereto. Approval to a Project Budget or approval of any material change to the same shall be considered a Major Decision and shall be governed by Section 9.11.
- (f) The Limited Partners acknowledge and agree that its subscription for Partnership Interests may require it to pay land transfer tax. The Limited Partners shall remit any such land transfer tax and will indemnify and hold the Partnership harmless from and against any liability the Partnership may suffer or incur in connection with non-payment of such land transfer tax, if applicable.
- (g) Lalu Holdings agrees, from time to time following completion of the Evan Transfer, on each date specified in a payment notice issued by the General Partner to Lalu Holdings, to make further Capital Contributions to the Partnership as set out in such payment notice up to a maximum amount equal to its Undrawn Capital, payable in Canadian dollars or, at the discretion of the General Partner by transfer of property at any time and from time to time, which Capital Contribution may be used for the Business and/or to pay partnership expenses; provided that, subject as otherwise provided herein, Lalu Holdings shall not be required to make any Capital Contribution hereunder to the extent that such Capital Contribution would exceed its Undrawn Capital as of such time of such payment. From time to time, and upon written consent of KarrasCo, the provision of services may be considered as a further Capital Contribution, as long as the services have a fair market value equal to the required Capital Contribution set out in a payment notice. It is anticipated that following the Evan Transfer, the Partnership will acquire the Additional Lands from KarrasCo or an Affiliate pursuant to transactions structured substantially the same as the Adjoining Property Transfer and upon completion of such transactions the Capital Contribution and Undrawn Capital of Lalu Holdings will be credited and adjusted in the same manner as credited and adjusted with respect to the Adjoining Property Transfer.
- (h) No Capital Contributions pursuant to Article 5 shall be required by any Limited Partner until the Partnership has received the entirety of the Capital Commitment owing from all Limited Partners.
- (i) To the extent available, the Partnership shall fund all of its expenses and liabilities from its own cash on hand, Capital Contributions, other assets and third party

debt. The Partnership intends to acquire funds required by the Partnership: (i) first, to the greatest extent possible, by borrowing from a reputable financial institution or other lender approved by the General Partner, in accordance with Section 4.2, (ii) second, by making capital calls to Limited Partners as contemplated herein. The General Partner shall, from time to time and in accordance with the terms of this Agreement make capital calls of Undrawn Capital from Limited Partners and thereafter further Capital Calls in accordance with Article 5, at the discretion of the General Partner.

- (j) The Partners acknowledge and confirm that, pursuant to the Evan Transfer Agreement, the Partnership will indirectly assume the existing mortgages registered on title to the Bay Street Property (being the only Debt (as defined in the Evan Transfer) of 222, in the principal amount (including all contingent liabilities and accrued and unpaid interest) of approximately \$8 million. The Principal agrees to cause certain of the collateral mortgages set out in Schedule 4.1(k) to be discharged by the Principal prior to the closing of the Evan Transfer resulting in an aggregate of approximately \$8 million in outstanding Debt on closing of the Evan Transfer. Schedule 4.1(k) sets out all Debt of 222, including all of the existing mortgages on the Bay Street Property as of the date hereof and identifies the lender, the amount secured under each mortgage, the total amount owing under each mortgage as of the date hereof and any prepayment, repayment charges, fees or expenses (the “650 Bay Debt”), which shall be updated immediately prior to the closing of the Evan Transfer. Alternatively, at the option of the Partnership, the Partnership may refinance the 650 Bay Debt and 222 will cause the 650 Bay Debt to be discharged prior to the closing of the Evan Transfer, which closing and refinancing shall be completed within the thirty (30) day time frame set out in the preamble. If the Partnership elects the refinancing option, the Partnership shall secure such refinancing and the Principal agrees to fully cooperate with the Partnership and the General Partner in connection with its refinancing efforts. The Principal, on behalf of himself and 222, represents and warrants, as at the date hereof and as of the date of the closing of the Evan Transfer, that (a) Schedule 4.1(k) sets forth all of the Debt of 222, including the 650 Bay Debt, (b) that he has provided full, true and complete copies of all documents and information respecting 222 and the 650 Bay Debt and that such documents and information (i) represent the entire agreement respecting the 650 Bay Debt, (ii) have not been altered or amended, whether in writing, by course of conduct or otherwise (iii) are in full force and effect and there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such documents, (iv) no party to any of the documents respecting the 650 Bay Debt is in default thereunder or has failed to perform any covenant or obligation thereunder, and (v) no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute a default by any party to any of documents respecting the 650 Bay Debt and (c) the 650 Bay Debt constitutes the entire Debt (as defined in the Evan Transfer Agreement) of 222 whatsoever. The Principal will deliver consents to the change of control of 222 in connection with the completion of the Evan Transfer or payout letters from each lender in the

event the Partnership elects to refinance the 650 Bay Debt on closing. For greater certainty, discharge or replacement of the 650 Bay Debt by the Partnership does not constitute a repayment or satisfaction of such 650 Bay Debt for purposes of the issuance of Contingent Units to KarrasCo, if any, unless KarrasCo or an Affiliate shall have reimbursed the Partnership for any amounts paid in respect of such 650 Bay Debt or made payment to the lender on behalf of 222 and/or indirectly the Partnership.

4.2 Third Party Debt Financing.

The General Partner shall decide from whom debt of the Partnership will be borrowed (which may include non-Arm's Length Persons) and the terms and conditions of such borrowing and the General Partner shall, if required, obtain such debt upon the security of the assets of the Partnership. The General Partner shall act diligently and use its commercially reasonable best efforts to arrange third party debt financing as may required from time to time by the Partnership in accordance with the Agreed Project Budget. No Partner shall be required to provide any loan guarantees or recourse other than to its Partnership Interest. In the event that the General Partner advises the Limited Partners, or any of them, in writing that a pledge of their Partnership Interest is required by any third party lender in connection with a loan to or other debt to be incurred directly or indirectly by the Partnership, the Limited Partners will agree to a limited recourse pledge of their Partnership Interests as security for such third party debts directly or indirectly owed by the Partnership and enter into and perform such agreements as any such lender may reasonably require, in such lender's standard form. In the event the General Partner is unable to secure bank or other third party loans, or secure loans for the full amount of the capital required by the Partnership, at any time or from time to time on terms acceptable to the General Partner, the General Partner may, in its sole discretion, and notwithstanding the extent of the initial Capital Commitment of each Limited Partner, make capital calls to Limited Partners for additional Capital Contributions in accordance with Article 5.

ARTICLE 5

CAPITAL CONTRIBUTIONS.

5.1 Capital Contributions

In the event that third party debt financing is unavailable or unavailable on commercially reasonable terms, as determined by the General Partner, and the General Partner determines that additional capital is required by the Partnership for any purpose in connection with Business, and provided that all Limited Partners have fully satisfied their respective Capital Commitment in full, the Limited Partners acknowledge and agree that the General Partner may give notices to the Limited Partners for additional capital contributions in excess of the original Capital Commitments, which will be based on each Limited Partner's Pro Rata Share, which the Limited Partners shall be required to contribute to the Partnership.

5.2 Capital Calls.

- (a) Subject as set forth in Section 5.1, the General Partner may request in writing (a "Capital Call") each of the Limited Partners contribute additional capital to

Partnership (the "**Capital Called Amount**") as required for the Business or to fund the working capital and operational and other expenses of the Partnership. Each Limited Partner's Capital Called Amount shall be determined, and each Limited Partner shall be required to contribute, its Capital Called Amount, being an amount equal to its Pro Rata Share of the aggregate Capital Called Amount made to all Limited Partners. Each Capital Call required of each Limited Partner shall be set out in a notice to the respective Limited Partner (a "**Capital Call Notice**") and the Capital Called Amount owing by each Limited Partner will be paid to the General Partner on behalf of the Partnership by each Limited Partner not later than ten (10) Business Days of the date of the Capital Call Notice.

- (b) Each Capital Call Notice shall set out in summary form the nature of the events giving rise to the requirement for the Capital Call, the total amount of the Capital Call from all Limited Partners and each Limited Partner's Capital Called Amount, the use of proceeds from the Capital Call, and the date (the "**Capital Call Date**") upon which the Limited Partner is required to contribute its respective Capital Called Amount to the Partnership.

5.3 Contribution to Capital

Each Limited Partner shall, on or before each Capital Call Date, contribute to the Partnership its Capital Called Amount as set out in its Capital Call Notice. All Capital Called Amounts shall be paid to the General Partner, on behalf of the Partnership, by bank draft or certified cheque payable to the Partnership, by electronic wire transfer to the bank account of the Partnership or to such Person(s) and in such manner as may be otherwise directed by the General Partner in the Capital Call Notice, including amounts satisfied other than in cash.

5.4 Default in Payment of Called Amount

If any Limited Partner, does not contribute to the Partnership its Capital Called Amount by the applicable Capital Call Date (such Limited Partner, until such default is fully cured, hereinafter a "**Capital Call Defaulting Limited Partner**" and such default which remains uncured a "**Capital Call Default**") then the Partnership shall promptly provide written notice of such failure to such Capital Call Defaulting Limited Partner. If such Capital Call Defaulting Limited Partner fails to make payment or satisfaction of such Capital Called Amount within three (3) Business Days after receipt of such notice, then, a Capital Call Defaulting Limited Partner will, in addition to any other remedy contained herein or available at law or in equity, be charged an additional amount on the unpaid balance of any such Capital Called Amount or other payments at the rate of 8% per annum, simple interest from the date such Capital Called Amount was due and payable through and including the date full payment for such balance is actually made. Any such additional amount owed to the Partnership shall be allocated and distributed to the Limited Partners, other than the Capital Call Defaulting Limited Partner (the "**Capital Call Non-Defaulting Limited Partners**") based on their Pro Rata Share, excluding the Pro Rata Share of the Capital Call Defaulting Limited Partner. To the extent such amount of the Capital Call Default and/or any additional amount is not otherwise paid at any time a distribution is made to the Capital Call Defaulting Limited Partner, such amount shall be retained from all distributions otherwise paid to the Capital Call Defaulting Limited Partner and applied against the amounts

owing until paid in full together with all interest thereon. The General Partner shall pay all such amounts on account of the additional amount payable to the Capital Call Non-Defaulting Limited Partners in priority to amounts retained by the Partnership in respect of the defaulted Capital Call. Each Limited Partner hereby grants a Lien on its Partnership Interest, in all proceeds therefrom and substitutions thereof, now held or hereinafter acquired, in favour of the Partnership to the extent of the sums due or owing by such Limited Partner to the Partnership pursuant this Article 5 and agrees to deliver to the General Partner all Certificates representing issued Units to such Limited Partner to be held the General Partner on behalf of the Partnership pursuant to the security interest hereby granted on demand of the General Partner.

In the event that a Limited Partner defaults in making a Capital Call to the Partnership, the General Partner may require all of the Capital Call Non-Defaulting Limited Partners to increase their Capital Call Amount by an aggregate amount equal to the amount of the defaulted Capital Call of the Capital Call Defaulting Limited Partner. If the General Partner elects to require such increase, the General Partner shall deliver to each Capital Call Non-Defaulting Limited Partner written notice of such default as promptly as practicable after its occurrence and, thereafter, the General Partner shall as promptly as practicable deliver to each such Capital Call Non-Defaulting Limited Partners a payment notice in respect of the Capital Called Amount which the Capital Call Defaulting Limited Partner failed to make (the "**Defaulted Call Amount**"). Such payment notice shall (i) call for a further Capital Contribution by each such Capital Call Non-Defaulting Limited Partner in an amount equal to the amount of such Capital Call Non-Defaulting Limited Partner's Pro Rata Share (calculated excluding the Capital Call Defaulting Limited Partner) of such additional Capital Contribution and (ii) specify a payment date for such further Capital Contribution, which date shall be at least five Business Days from the date of delivery of such payment notice by the General Partner. Any Capital Call Non-Defaulting Limited Partner that fails to make any further Capital Contribution required pursuant this paragraph shall also be Capital Call Defaulting Partner in respect of such amount and the provisions of the first paragraph of this Section 5.4 shall apply *mutatis mutandis*.

ARTICLE 6

TRANSFER OF PARTNERSHIP INTERETS

6.1 Transfer of Partnership Interests by Limited Partners.

Except as otherwise set forth in this Agreement, and subject to the requirements of Section 6.2 and Section 6.3 and other applicable provisions of this Agreement, no Limited Partner may, with respect to its Partnership Interest (or any part thereof) or this Agreement or any interest herein, directly or indirectly, sell, exchange, transfer (which includes a change in Control or ownership of the equity interests of a Partner), assign, dispose of or give and no agreement may be made to do any of the same (collectively a "**Transfer**"), unless such Transfer is approved by the General Partner in its sole discretion and the following conditions are satisfied, and further provided that a transferee of any Partnership Interest will not become a Limited Partner in respect of that Partnership Interest until all filings and recordings required by Applicable Law to validly effect a Transfer have been duly made as referred to herein:

- (a) **Assignment and Transfer Form.** The transferor Limited Partner shall deliver to the General Partner or the Registrar and Transfer Agent a duly completed and

executed Assignment and Transfer Form naming the transferee of the Unit in the form of Schedule "B".

- (b) **Transferee Bound.** The transferee shall agree in writing to be bound by the terms of this Agreement and to assume the obligations and liabilities of the transferor Limited Partner under this Agreement by executing the Assignment and Transfer Form in the form attached as Schedule "B" hereto.
- (c) **Delivery of Endorsed Certificate.** The transferor Limited Partner shall deliver to the General Partner or to the Registrar and Transfer Agent the Certificate representing the Unit(s) subject to Transfer, duly endorsed for transfer, and where the Certificate is lost or destroyed at the time of Transfer, the provisions of Section 3.2(e) apply.
- (d) **Corporations.** Where either the transferor or the transferee is a corporation, the General Partner is entitled to request delivery of such certified copies of resolutions, extracts of by-laws, articles or other documents as the General Partner may reasonably require and, upon request, the same shall be delivered.
- (e) **Income Tax Releases.** The transferor Limited Partner shall deliver such releases for income tax purposes, if any, as may from time to time be required by the General Partner, acting reasonably.
- (f) **Transfer Costs.** The transferor Limited Partner may be requested to provide payment of such disbursements, including reasonable legal fees or such other amount as the General Partner may from time to time reasonably require, as are incurred by the Partnership in respect of the Transfer.
- (g) **Recording in Register, Filings, etc.** The General Partner will record in the Register the name, address, number of Units and Capital Contribution, Capital Commitment and Undrawn Capital of the transferee, issue a Certificate in the name of the transferee for the number and type of Units acquired and record and file such other information as is required to be recorded and filed in each jurisdiction in which the Partnership carries on business. Upon issuance, such Certificate shall be delivered to the transferee.
- (h) **Dissolution.** No Transfer of Partnership Interests will be accepted by the Partnership more than ten (10) days after the sending of the notice of dissolution as provided herein.
- (i) **Compliance with Agreement.** The transferor Limited Partner shall provide evidence satisfactory to the General Partner, acting reasonably, that upon the transferee becoming a Limited Partner there shall be no breach of any of the representations, warranties and covenants in Article 10 hereof.

- (j) **General.** Such other requirements as may be required by law or may reasonably be required by the Registrar and Transfer Agent or the General Partner shall have been complied with.

6.2 General Partner May Refuse Transfer.

The General Partner has the right to refuse a Transfer of Partnership Interests, including, without limitation, for any of the following reasons:

- (a) **Non-Resident.** Subject to Section 6.3, the transferee is a “**non-resident**” within the meaning of the *Income Tax Act*.
- (b) **Protection of the Partnership.** The General Partner has not received reasonably satisfactory evidence that the Transfer of a Partnership Interest will not result in a Lien, charge or execution upon or against the property of the Partnership or any portion thereof.
- (c) **Compliance with Securities Laws.** The General Partner has not received reasonably satisfactory evidence that the Transfer complies with all applicable securities laws.
- (d) **Reputation.** The transferee, or its directors, officers or shareholder (legal or beneficial), as applicable, has been convicted of an indictable offence involving moral turpitude, including, without limitation, theft, fraud, embezzlement, forgery, misappropriation or wilful misapplication or an offence of a similar character involving dishonest acts and as a result of such conviction the admission of such transferee to the Partnership is reasonably likely, in view of the General Partner, to negatively impact the Business or the value of the Partnership's assets or the goodwill associated with the Partnership.
- (e) **Default.** The transferor Limited Partner is in default under this Agreement.
- (f) **Controls.** As a result of the Transfer, any remaining Partner or the Partnership would become subject to any new governmental controls or regulations affecting it or the Project.
- (g) **Tax.** As a result of the Transfer, any remaining Partner would become subject to additional taxation.
- (h) **Law/Agreements.** The Transfer would be prohibited by law or any term of any mortgage, agreement or document entered into by the Partnership in respect of the Property or the Project unless any approval or consent required has been obtained or notice given and is in effect and any costs associated therewith have been paid by the transferee. For greater certainty, the General Partner shall not be obligated to seek or obtain any such approvals or consent, or to give any notice.
- (i) **Financial Institution.** The transferee is a “**financial institution**” as that term is defined in subsection 142.2(1) of the ITA.

provided that the General Partner is entitled to waive any such requirements in the sole discretion of the General Partner.

When a transferee is entitled to become a Limited Partner pursuant to the provisions of this Agreement and has fully complied with all of the provisions relating to thereto, the General Partner shall be authorized to admit such Person to the Partnership as a Limited Partner and the Limited Partners hereby consent to the admission of, and will admit, the transferee to the Limited Partnership as a Limited Partner, without further acts of the Limited Partners. In such circumstances, the transferee will become a Limited Partner upon the General Partner updating the Partnership records and the transferee will become bound as a Limited Partner and will be entitled to all the rights and subject to all of the obligations of a Limited Partner under the provisions of the Limited Partnership Agreement. No Transfer of a Partnership Interest relieves the transferor from any obligations to the Partnership incurred prior to the Transfer becoming effective.

6.3 Limited Partner Ceasing to be Resident.

A Limited Partner who intends to become a non-resident of Canada within the meaning of the *Income Tax Act* and wishes to retain his Partnership Interest, shall prior to his becoming a non-resident unless he has otherwise completed a permitted transfer hereunder, be required to transfer his Partnership Interest to a corporation resident in Canada within the meaning of the *Income Tax Act*, failing which such Limited Partner will, effective immediately prior to such Limited Partner becoming a non-resident, be deemed to have withdrawn from, and shall cease to be a Limited Partner of, the Partnership and his Contributed Capital, Partnership Interest and entitlement to distributions in respect thereof, shall be irrevocably forfeited for no consideration. If a dissolution of the Partnership is proposed, a non-resident Limited Partner who has not transferred or sold his Partnership Interest pursuant to the foregoing will, immediately prior to the dissolution, be deemed to have withdrawn from, and shall cease to be a Limited Partner of, the Partnership, and his Partnership Interest (including Units) and Capital Contributions and entitlements to distributions in respect thereof shall be irrevocably forfeited for no consideration.

6.4 Other Transfers.

The General Partner shall not assign in whole or in part its legal or beneficial interest as General Partner without the Approval of the Partners, including any Transfer of its General Partner Unit.

6.5 Non-recognition of Trusts or Beneficial Interests.

No Person will be recognized by the Partnership or any Partner as holding any Partnership Interest in trust, and the Partnership and Partners shall not be bound to see to the execution of any trust, express, implied or constructive or to ascertain or enquire whether any sale or transfer of any Partnership Interest or interest therein by a Limited Partner or its personal representatives is authorized by such trust, charge, pledge or equity or to recognize any Person as having any interest therein except an absolute right to the entirety of the Partnership Interest of the Limited Partner.

6.6 Pledge of Partnership Interest.

Except as provided herein, a Limited Partner may not encumber, mortgage, charge, pledge, lease or hypothecate any of its Partnership Interest or any equitable, contingent, future or partial interest in any Partnership Interest or in any fractional part of a Partnership Interest or any other rights in respect of any of its Partnership Interest.

6.7 Liability after Transfer of a Partnership Interest.

When a transferee of any Partnership Interest has become a Substituted Limited Partner, the transferor of that Partnership Interest will be relieved of all other liabilities and obligations under this Agreement and relating to such Partnership Interest to the extent permitted by law and the transferee will assume all such liabilities and obligations, and thereafter the transferor shall be released from any obligations to the Partnership incurred prior to the transfer becoming effective.

6.8 Insolvency or Bankruptcy.

Where a Person becomes entitled to a Partnership Interest on the insolvency or bankruptcy of a Limited Partner, or otherwise by operation of law, that Person, or an assignee of that Person, will not be recorded as or become a Limited Partner until such Person satisfies the following:

- (a) **Evidence of Entitlement.** The Person claiming the entitlement must produce evidence satisfactory to the General Partner of such entitlement.
- (b) **Acknowledgement.** The Person claiming such entitlement must acknowledge in writing that it is bound by the terms of this Agreement.
- (c) **Other.** The Person claiming such entitlement must deliver such other evidence, approvals, and consents as may be required by law or by this Agreement.

6.9 Defaulting Limited Partner

- (a) In the event that a Limited Partner is the subject an Event of Default (a Defaulting Partner), including a default by any Limited Partner to make any contribution of Undrawn Capital or any Limited Partner failing to make a Capital Call, such Defaulting Partner shall forthwith give written notice of the Event of Default affecting such Defaulting Partner to the Non-Defaulting Partner and the General Partner (the "**Default Applicable Notice**"). The Non-Defaulting Partner shall have the right at any time while such Event of Default is continuing, provided that such right shall expire if not exercised prior to the date that is sixty (60) days following the date the Non-Defaulting Partner receives the Default Applicable Notice, to give a notice to the Defaulting Partner and the General Partner that it wishes to purchase, or to have an Affiliate of the Non-Defaulting Partner purchase, the Partnership Interest of the Defaulting Partner. For greater certainty, failure of the Defaulting Partner to give the Default Applicable Notice shall not prevent the Non-Defaulting Partner from exercising its right to purchase the

Defaulting Partner's Partnership Interest by delivery of an Acceptance Notice if the Non-Defaulting Partner has actual knowledge of such Default.

- (b) Upon the giving of the Default Applicable Notice, the Non-Defaulting Partner shall, save as hereinafter provided, be deemed to have revocably offered, and the Defaulting Partner shall, save as hereinafter provided, be deemed to have accepted, such offer to purchase all, but not less than all of the Defaulting Partner's Partnership Interest, with good and marketable title, free and clear of all Liens for a purchase price equal to sixty-six and two thirds percent (66 2/3%) of the fair market value of the Defaulting Partner's Partnership Interest. The total purchase price may be set off against any amounts the Defaulting Partner may owe at the time of Default to the Non-Defaulting Partner and/or to the Partnership. Such fair market value shall be determined pursuant to the provisions of Section 6.13. A Non-Defaulting Partner may decide not to purchase the Defaulting Partner's Partnership Interest within ten (10) days of the determination of the fair market value, but shall not, by such decision, waive any of its rights to proceed under the provisions of this Section 6.9 to require the Defaulting Partner to sell its Partnership Interest while the Defaulting Partner remains or is at any subsequent time in Default.
- (c) The closing of any transaction pursuant to this Subsection 6.9 shall occur on the thirtieth (30th) day, or such earlier date as the affected Partners may agree, after the fair market value of the Defaulting Partner's Partnership Interest has been established pursuant to Section 6.13 and shall otherwise be completed in accordance with Schedule "D" hereof.
- (d) The foregoing rights of the Non-Defaulting Partner are in addition to and not in substitution for any rights or remedies available at law or in equity in respect a Defaulting Partner's Event of Default and may exercised concurrently with the right provided for in this Section 6.9.

6.10 Sale to Third Party.

- (a) The provisions of this Section 6.10 shall not apply to any Limited Partner that is Default under this Agreement and no Limited Partner in Default shall effect a Transfer pursuant to this Section 6.10.
- (b) Notwithstanding the provisions of Section 6.1, if any Limited Partner (the "**Offeror**") receives a Bona Fide Offer to purchase all but not less than all the Partnership Interest held by it (the "**Purchased Interest**") (it being understood that a sale of less than all of its Partnership Interest is not permitted under this Agreement), the Offeror shall, by notice in writing to the other Partners (the "**Offerees**") specifying the details of the Bona Fide Offer including therein a copy of the Bona Fide Offer, and allow each of the other Partners to purchase the Purchased Interest in accordance with the terms of the Bona Fide Offer (the "**Offer**") and the terms and provisions of this Section 6.10. The Offer shall be delivered to the General Partner which shall forthwith deliver a copy of the Offer

to the Limited Partners.

- (c) Each Offeree shall have a period of five (5) Business Days from the date the Offer is received by it (the “**Offer Period**”) to accept the Offer in writing, and each Offeree who accepts such Offer shall specify whether the Offeree (i) wishes to accept the Offer on the condition that it is able to purchase all of the Purchased Interests, (ii) wishes to accept the Offer on the condition that it is able to purchase only its rateable portion of the Purchased Interest, (iii) wishes to sell its Partnership Interest to the party submitting the Bona Fide Offer together with the Offeror, in which case the provisions of Section 6.12(b) shall apply, or (iv) wishes to accept the Offer and is prepared to purchase the Purchased Interest depending on the responses of the other Offerees as follows: (A) all of the Purchased Interest if all other Offerees decline to purchase any Purchased Interest, or, in the alternative, (B) only its rateable portion if all other Offerees wish to purchase only their respective rateable portion of the Purchased Interest. If all Offerees have responded in the form of (iv) above, then each shall be deemed to have specified that it wishes to accept the Offer on the condition that it is able to purchase only its rateable portion of the Purchased Interest.
- (d) If the Offer is accepted by all of the Offerees within the Offer Period and all Offerees have indicated their willingness to purchase only their rateable portion of the Purchased Interest, then the Offeror shall sell and the Offerees shall purchase the Purchased Interest upon the terms and conditions contained in the Offer. In such case, the Offerees shall purchase the Purchased Interest from the Offeror rateably based on the proportions that the number of Units of each Offeree is to the total number of Units held by all Offerees, but such Offerees may agree to purchase the Purchased Interest in different proportions and such purchase may be made by any of the Offerees jointly or by any one of them alone.
- (e) If the Offer is accepted by one of the Offerees within the Offer Period and such Offeree has indicated its willingness to purchase all of the Purchased Interest, including those stipulated in subsection 6.10(c)(iii) and the other Offerees have either not accepted the Offer or have accepted the Offer on the condition that they are able to purchase only their rateable portion of the Purchased Interest, then the Offeror shall sell and the Offeree who has agreed to purchase all of the Purchased Interest shall purchase the Purchased Interest on the terms and conditions contained in the Offer.
- (f) The closing of the transaction of purchase and sale pursuant to the Offer (a “**Sale Transaction**”) shall be effected in accordance with the general sale provisions of Schedule “D” hereto.
- (g) If (i) no Offeree accepts the Offer during the Offer Period or (ii) all of the Offerees accept the Offer on the condition that it is able to purchase all of the Purchased Interest, or (iii) one of the Offerees accepts the Offer on the condition that it is able to purchase only its rateable portion of the Purchased Interest and one of the Offerees does not accept the Offer during the Offer Period and no

Offeree has accepted the Offer on the condition that it is able to purchase all of the Purchased Interest, then the Offeror shall be entitled, within a period of twenty (20) Business Days after the expiry of the Offer Period, to sell the Purchased Interest to the third party buyer (the "**Buyer**"), in accordance with all the provisions of this Agreement and in accordance with the Bona Fide Offer, after providing a representation and warranty by each of the Buyer and the Offeror in favour of the Offerees that there is no direct or indirect collateral benefit or supplementary consideration (whether or not in the nature of a tangible or intangible asset, money, property, securities or other benefits or opportunities) to be paid or received by either the Buyer or the Offeror, or any other Person not at Arm's Length with either the Buyer or the Offeror, in connection with the Bona Fide Offer and that the Bona Fide Offer is not made as part of or in connection with any other transaction. The Offerees shall be entitled to obtain from the Offeror and the Buyer for its review all documents thought to be relevant by the Offeree to this issue of collateral benefit or supplementary consideration.

- (h) The General Partner, before consenting to the Transfer of the Purchased Interest to the Buyer, shall be entitled to require proof that the sale to the Buyer took place in accordance with the Bona Fide Offer as well as in accordance with all the provisions of this Agreement and the General Partner shall refuse to permit the recording of the Transfer of the Purchased Interest if it has reason to believe that the sale to the Buyer was completed otherwise than in accordance with the provisions of the Bona Fide Offer as well as in accordance with all the provisions of this Agreement.
- (i) No Transfer to any Buyer pursuant to any Bona Fide Offer shall be valid or effective until the Buyer shall have complied with the provisions set out herein relating to a Transfer of Partnership Interests, including Section 6.1 and this Section 6.10.
- (j) Contemporaneously with the completion of the Sale Transaction under the Bona Fide Offer, the Offeror shall, subject to the discretion of the General Partner otherwise, (i) repay any indebtedness owing by it to the Partnership, and (ii) repay any indebtedness owing by it to the other Partners under this Agreement.
- (k) If a sale of the Purchased Interest to the Buyer pursuant to the Bona Fide Offer is not completed within the twenty (20) Business Day period referred to in Section 6.10(g), no sale of the Purchased Interest shall be made without the Offeror again complying with the terms of this Section 6.10.
- (l) The purchase and sale of Purchased Interest pursuant to this Section 6.10, if completed by another Limited Partner(s), shall also include the purchase by such Limited Partner(s) of all debts and liabilities owed by the Partnership to the selling Limited Partner, pro rata to the number of Units so acquired.

6.11 Buy/Sell.

- (a) In the event that at any time, any Approval of the Partners by Resolution of Limited Partners holding 100% of the Partnership Interests cannot be obtained with respect to a Major Decision within fifteen (15) Business Days following written request for such Approval of the Partners, a Limited Partner (hereinafter sometimes referred to as the **"Initiating Party"**), may at any time give notice in writing (the **"Initial Notice"**) to the other Limited Partners (hereinafter referred to as the **"Notified Party"**) specifying a price, which shall not be less than 80% of the fair market value of the Units (hereinafter referred to as the **"Put Purchase Price"**) at which the Initiating Party would be willing to either:
- (i) sell to the Notified Party all but not less than all of the Partnership Interest of the Initiating Party; or
 - (ii) purchase all but not less than all of the Partnership Interest of the Notified Party.

As a further term of the completion of any transaction pursuant to this Section 6.11, notwithstanding any other provision of this Section 6.11, the selling Limited Partners shall be required to satisfy any debt payable to the Partnership or any other Limited Partner at the closing out of the Put Purchase Price and the purchasing Limited Partner shall be required to obtain a discharge of any and all guarantees given and liabilities assumed of the Partnership by such selling Limited Partner or any Affiliate.

- (b) Election by Notified Party

Within thirty (30) Business Days after receipt by the Notified Party of an Initial Notice, the Notified Party shall, by notice in writing (a **"Responding Notice"**) to the Initiating Party, elect to either:

- (i) sell to the Initiating Party at the Put Purchase Price all but not less than all of the Notified Party's Partnership Interest; or
- (ii) purchase from the Initiating Party at the Put Purchase Price all but not less than all of the Initiating Party's Partnership Interest.

- (c) Notices Binding

If a Notified Party elects as described in subsection 6.11(b)(i), the Initiating Party shall thereupon be conclusively deemed to have made an offer to purchase, and shall purchase, all of the Notified Party's Partnership Interest at the Put Purchase Price, and the Notified Party shall be conclusively deemed to have accepted such offer. If a Notified Party does not deliver a Responding Notice within thirty (30) Business Days after delivery of the Initiating Notice, the Notified Party shall be deemed to have elected to sell to the Initiating Party, and shall sell all but not less

than all of the Notified Party's Partnership Interest at the Put Purchase Price, and the Initiating Party and the Notified Party shall be bound by the agreement resulting from such deemed election. If a Notified Party elects as described in subsections 6.11(b)(ii), the Notified Party shall thereupon be conclusively deemed to have made an offer to purchase all of the Initiating Party's Partnership Interest at the Put Purchase Price, and the Initiating Party shall be conclusively deemed to have accepted such offer.

(d) Closing Arrangements

The closing of the purchase and sale referred to under subsection (c) shall take place on the date that is sixty (60) days, or such earlier date as the parties to the purchase and sale may agree, following the giving of the Initial Notice and in accordance with the general sale provisions of Schedule "D".

(e) Restructuring of Transaction

At the request of the Partner who becomes a purchaser of a Partnership Interest in accordance with the foregoing provisions of this Section 6.11, the purchaser Partner and the selling Partner shall restructure the transaction of purchase and sale referred to above in such manner as will ameliorate the tax position of the purchaser Partner provided that the vendor Partner is not adversely affected thereby and all of the additional costs and expenses incurred by the vendor Partner to restructure the transaction as aforesaid shall be the responsibility of and shall be paid by the purchaser Partner.

6.12 Drag-Along Rights and Piggy-Back Rights

(a) *Drag-Along Rights*

(i) If the Limited Partners receive a Bona Fide Offer (the "**Carry-Along Offer**") from a third party (the "**Drag Offeror**") to purchase all (but not less than all) of the outstanding Partnership Interests and Limited Partners holding, in aggregate, at least two-thirds (2/3) the Units (excluding the General Partner Unit) have agreed to sell their Partnership Interests to the Drag Offeror pursuant to the Carry-Along Offer (the "**Accepting Partners**"), then the Accepting Partners shall have the option, exercisable in their sole discretion, to deliver to each other Limited Partner and the General Partner (the "**Receiving Partners**") a copy of the Carry-Along Offer addressed to each of the Receiving Partners together with a statement executed by the Accepting Partners (the "**Carry-Along Notice**") notifying each of the Receiving Partners that the Accepting Partner is exercising its rights and obligations (the "**Carry-Along Rights**") under this Section 6.13.

(ii) The Carry-Along Offer shall:

- (A) set out the price per Unit for which the sale of Partnership Interests is to be transacted, which shall in all cases provide for the same price and terms and conditions for the purchase and sale in respect of all of the Units;
 - (B) specify the date on which the sale is to close and the other closing arrangements, which shall be the same, with any changes necessary in the context, as those for the purchase and sale between the Drag Offeror and the Accepting Partners; and
 - (C) provide for the method and timing of payment.
- (iii) Upon receipt of the Carry-Along Notice, each Receiving Partner and the General Partner shall be obligated to sell its Partnership Interest to the Drag Offeror pursuant to the Carry-Along Offer at the same time as the Accepting Partners sell its Partnership Interest to the Drag Offeror and as part of the same closing.
 - (iv) The Accepting Partner shall be entitled to accept the Carry-Along Offer on behalf of the Receiving Partners and to deliver the same to the Offeror and, for such purpose, each Limited Partner hereby appoints each Accepting Partner as its attorney, with full power of substitution to accept the Carry-Along Offer and to execute and deliver all documents and instruments to give effect to such acceptance and to establish a contract of purchase and sale between each of the Receiving Partners and the Drag Offeror with respect to all the Partnership Interests held by such Receiving Partners. Each Limited Partner agrees that it shall perform the agreement resulting from acceptance of the Carry-Along Offer in accordance with its terms and shall ratify and confirm all that the Receiving Partner may do or cause to be done pursuant to the foregoing.
 - (v) The purchase and sale of the Partnership Interests of the Receiving Partners and the General Partner to the Drag Offeror pursuant to the Carry-Along Offer shall be completed in accordance with the provisions of the Carry-Along Offer and at the same time as the purchase and sale of the Partnership Interests by the Accepting Partners to the Drag Offeror and as part of the same closing.
 - (vi) In the event that the Accepting Partners exercise its rights pursuant to this Section, the Accepting Partners shall have the right to direct the General Partner to take such action as the Accepting Partners deem necessary to facilitate the sale of the Partnership Interests.
 - (vii) Notwithstanding the provisions of this Section 6.12(a), if the purchase price payable per Unit for the Units subject to mandatory sale by KarrasCo pursuant to this Section 6.12(a) is less than the fair market value per Unit determined in accordance with Section 6.13 of this Agreement, *mutatis*

mutandis, Lalu Holdings shall be required to pay the difference to KarrasCo on or before the closing of the transaction contemplated in this Section 6.12(a).

(b) *Piggy-Back Rights*

- (i) In the event that a Receiving Partner and the General Partner, as the case may be, receives a Carry-Along Offer and does not exercise its Carry-Along Rights, the Drag Offeror (in this subsection, the “**Third Party**”) shall deliver a written offer (the “**Tag Offer**”) to the other Limited Partners and the General Partner (the “**Remaining Partners**”), to purchase, at the time of the closing of such transaction, all Partnership Interests held by the Remaining Partners at a purchase price and on terms which are the same as the terms applicable to the Third Party’s purchase of Partnership Interests from the Accepting Partner (the Carry-Along Offer), which for greater certainty shall provide the same purchase price and terms of purchase and sale for all of the Units;
- (ii) The Tag Offer will be open for acceptance by the Remaining Partners for a period of at least fifteen (15) days.
- (iii) The price payable for the Partnership Interest under the Tag Offer will be in accordance with the terms and conditions of the Carry-Along Offer.
- (iv) The conditions contained in this subsection are for the exclusive benefit of the Remaining Partners and may be waived, in whole or in part, by the Remaining Partners without prejudice to their right to rely on any such conditions which have not been waived.
- (v) The closing of the transaction of purchase and sale under the Tag Offer shall take place at the offices of the General Partner on the date of closing of the purchase and sale by the Accepting Partners.

6.13 Determination of Fair Market Value

- (a) Where the fair market value of a Partnership Interest is to be determined in accordance with the provisions of this Agreement, the applicable parties, including the General Partner, shall mutually agree upon the fair market value of the Partnership Interest. In the event that the parties are unable to agree on the fair market value within 30 days of the event triggering the determination of fair market value, any affected Limited Partner or the General Partner, may by notice in writing given to the other affected Limited Partners and the General Partner, require the determination of fair market value of the Project be established by a qualified real estate valuator (being a member in good standing of the Appraisal Institute of Canada) in a stated opinion of value of the Project. Upon the delivery of the notice, each Limited Partner shall, within ten (10) days following the delivery of such notice, retain such a qualified real estate valuator at its expense

and so notify the other Limited Partner. In the event that a Limited Partner does not retain a qualified real estate valuator, the determination of the value of the Project shall be made by those parties who have retained a qualified real estate valuator. Each of the real estate valutors shall have full access to all project documentation and information and shall be requested to present a written opinion of value within thirty (30) days from the date that they are appointed. They shall be instructed not to divulge any information to each other, including any preliminary opinions prior to the delivery of their written opinions of value. In determining the value of the Project, each valuator shall take into account the underlying value of the assets owned by the Partnership including lands under development and lands held for development. In the event that the value stated by each of the valutors retained differs by less than ten per cent (10%) from the lowest such valuation, the fair market value of the Project in respect of which the determination is being made shall be the average of the valuations obtained. In the event that the valuations differ by ten per cent (10%) or more from the lowest of such valuations, and the parties cannot then agree on the fair market value, the parties shall refer the matter to arbitration by a single arbitrator in accordance with the *Arbitrations Act*, 1991 (Ontario). The arbitrator shall be appointed by agreement between the affected parties within 10 days of the requirement to refer the matter to arbitration or in default of such an agreement, by a Judge of the Superior Court of Justice sitting in Toronto, upon the application of any such party (and such judge shall be entitled to act as arbitrator, if he or she so desires). The arbitrator (if other than a judge) shall be a member in good standing of the Appraisal Institute of Canada and who shall have real estate valuation expertise. The arbitrator will select which of the valuation opinions of each of the valutors retained by the parties is accurate as the fair market value of the Project. The Limited Partners shall pay the fees and expenses of the arbitrator equally.

- (b) For the purposes of determining the fair market value of the Project, the real estate valutors shall have access to all books of account and records and all vouchers, cheques, papers and documents of or which may relate to the Project. The Partners shall co-operate with the real estate valutors for such purpose and provide all information and documents required by them.
- (c) When the fair market value of the Project has been determined in accordance with subparagraphs (a) and (b) above, the accountants of the Partnership shall be retained to determine the fair market value of the Partnership Interest in respect of which the determination is being made, which shall be expressed as on a per Unit basis. The accountants shall adjust the value of such Partnership Interest by taking into account all debts and liabilities of the Partnership and loans owing by a Limited Partner to the Partnership or another partner. The amounts so determined by the accountants shall be conclusive, absent manifest error and shall constitute the fair market value of the interests being so determined.

ARTICLE 7
PARTICIPATION IN PROFITS AND LOSSES AND
ALLOCATIONS

7.1 Separate Capital Accounts.

The General Partner will maintain a separate capital account for each Partner. The term "**Capital Account**" shall mean the sum of all Capital Contributions:

- (a) increased by the amount of all net income credited to the account of such Partner prior to distribution in accordance with Section 7.4; and
- (b) decreased by the amount of all losses allocated to such Partner in accordance with this Agreement and the amount of all distributions made to such Partner in accordance with Section 7.4 and Article 15 below.

A negative balance in the capital account of a Partner shall not terminate the interest of such Partner in the Partnership.

7.2 Preparation of an Annual Budget

The General Partner shall prepare and submit to the Limited Partners for approval, as a Major Decision, not later than thirty (30) days prior to the commencement of each fiscal year of the Partnership, in reasonable detail, proposed operating and capital expenditures budgets for such year, which shall include details of all salaries and bonuses, expenses and costs, amounts payable to consultants and other third parties, together with such other information as may reasonably be requested by any Limited Partner (the "**Annual Budget**"). The Limited Partners may approve the Annual Budget as submitted, approve the Annual Budget with recommended amendments, or reject the Annual Budget, acting reasonably, with reasons for such rejection, in which event the General Partner shall have to develop a revised Annual Budget for resubmission for approval of the Limited Partners. For greater certainty, where this Agreement refers to a Annual Budget, such reference shall only mean an Annual Budget approved by the Limited Partners holding 100% of the Units.

7.3 Reimbursement of Expenses.

The Partnership will reimburse the General Partner for all costs and expenses actually incurred by the General Partner in the performance of its duties hereunder, including the costs and expenses incurred pursuant to the Project Management Agreement and the Property Management Agreement and all other reasonable costs incurred for the benefit of the Partnership, including reasonable legal, accounting and other professional fees and such portion of the reasonable indirect and general office and administrative costs, including employee salaries, benefits and termination costs, of the General Partner as are fairly allocable to the services rendered by the General Partner under this Agreement and have been previously approved in accordance with Section 7.2, but specifically excluding, without limitation, expenses of any action, suit or other proceedings in which or in relation to which the General Partner is adjudged, in a final non-appealable decision, to be in breach of any duty or responsibility imposed on it hereunder. Each

Partner shall bear its own legal expenses for the preparation and negotiation of this Agreement and other agreements relating to the Project.

7.4 Annual Distributions of Cash Available for Distribution.

Commencing with the first Distribution Period, which shall end on the six month anniversary following Substantial Completion of the Project (which shall have the meaning given to such term in the *Construction Lien Act* (Ontario) or such later date as determined by the General Partner, and for every Distribution Period thereafter, following the payment of all current liabilities and obligations owed by the Partnership, and subject to the prior satisfaction of all outstanding construction loans, subordinated loans and any unsecured loans made to the Partnership then due and payable in the amounts so due and payable, and subject to any restrictions on distributions provided in any agreements entered into by the Partnership (including loan agreements), the General Partner shall determine the Cash Available for Distribution no later than the 45th day of following the end of the Distribution Period and, subject to the discretion of the General Partner, distribute the Cash Available for Distribution at such time or times and in respect of such periods, which shall be distributed strictly in the order set out below until the entire balance of the Cash Available for Distribution of the Partnership for such Distribution Period has been distributed by it to the Partners, as follows:

- (a) first, to pay or repay as follows:
 - (i) to repay the General Partner all costs and expenses incurred by the General Partner as contemplated by Section 7.2;
- (b) second, to pay or repay as follows:
 - (i) to repay any indebtedness owing by the Partnership to any Limited Partner, if applicable; and
- (c) third, to pay or to repay as follows:
 - (i) to the General Partner, to the extent of 0.001% of the amount of Cash Available for Distribution;
- (d) fourth, to the Limited Partners in accordance with their respective Pro Rata Share on a *pari passu* basis, provided that where any Limited Partner or an Affiliate owes any monies to any other Limited Partner or an Affiliate or the Partnership (including as provided in Section 4.1(c)) at the time of any such distribution to it that is due and payable, the amount of such distribution shall be automatically paid to the Limited Partner, Affiliate or Partnership owed such monies (with amounts first applied to reduce any indebtedness owed to the Partnership unless otherwise expressly provided herein) by way of a standing direction from such borrowing Limited Partner to the General Partner in respect of such repayment amounts and the Limited Partner, Affiliate and/or the Partnership, as applicable, receiving such payment shall immediately reduce the amount due and payable to it equal to the amount of such payment so received or redistribute such amount as

provided in this Agreement.

Annual distributions (if any) to the Partners, accompanied by a statement from the General Partner calculating the amount thereof, shall be sent to the Partners not later than the 120th day immediately following the last day of the applicable Fiscal Year.

7.5 Effect of Transfer on Entitlement.

If during any Distribution Period a Partner transfers its Partnership Interest or any part thereof, such Partner is not entitled to and the General Partner will not distribute to that Partner any share of the Cash Available for Distribution in respect of the Partnership Interest transferred and will not allocate Cash Available for Distribution to the Partner as of the date of transfer but will allocate the Cash Available for Distribution to the Limited Partner shown on the Register as at the end of the Distribution Period.

7.6 Adjustments.

Subject to the following provisions of this Section, the determination of the General Partner of the Pro Rata Share of a Partner in the distribution or allocation of Cash Available for Distribution shall be binding upon the Partnership and the Partners. If the Accountant determines, acting reasonably, that the amount paid to a Partner in the distribution of Cash Available for Distribution differs from the Partner's entitlement hereunder, then the determination of the Accountant shall be deemed to be correct and binding upon the Partnership and the General Partner will cause the necessary adjustments to be made by payment or reallocation to or from the Partners, as the case may be, and in such regard may set-off against any future payments any debt owing by such Partners to the Partnership. Notwithstanding the foregoing, any outstanding issue pertaining to a distribution or an allocation of same to a Partner does not prohibit the General Partner from proceeding with distributions for items and amounts that are not in dispute.

7.7 Adjustment Lien.

Each Limited Partner hereby grants a Lien on its Partnership Interest in favour of the Partnership to the extent of the sums due or owing by such Limited Partner to the Partnership as a result of any adjustment under Section 7.6 which requires the Limited Partner to make a payment to the Partnership. The General Partner will within seven (7) days after receiving the report of the Accountant, send a notice in writing to each Limited Partner whose share of Cash Available for Distribution is to be adjusted notifying each such Limited Partner of the amount of the adjustment sum, together with either a cheque for that sum payable to the Limited Partner or a request for payment of the sum payable by the Limited Partner.

7.8 Determination and Allocation of Net Income or Net Loss.

For accounting purposes, the net income or net loss of the Partnership, as the case may be, in any fiscal year of the Partnership, shall be determined in accordance with GAAP consistently applied and in accordance with previous years' practice and the ITA. Such net income or net loss will be allocated as follows: (a) to the General Partner, 0.0001% and (b) (A) all remaining net income for such fiscal year shall be allocated to Persons who were Limited Partners at any time during

such fiscal year of the Partnership based on each Limited Partners' Pro Rata Share; and (B) any remaining net loss shall be allocated among Persons who were Limited Partners at any time during such fiscal year of the Partnership based on each Limited Partners' Pro Rata Share, in each case in respect of any portion of the fiscal year such Limited Partner held Partnership Interests.

7.9 Allocation of Net Income or Net Loss for Tax Purposes.

Subject to, and following the allocation referred to in Section 7.8, net income and net loss for any Fiscal Year for purposes of the ITA shall be allocated to the Partners in the same proportion as the allocation for accounting purpose under Section 7.7 but subject to any adjustments required under Section 7.6.

7.10 Time of Allocation.

Amounts accrued and required to be allocated pursuant to Sections 7.8 and 7.9 shall be allocated as of the last day of each Fiscal Year.

7.11 Tax Returns.

Each Partner shall prepare and file such documents as may be required to be prepared and filed for purposes of the Income Tax Act and shall include in its computation of income, the income or loss of the Partnership for tax purposes as may be determined and allocated to it pursuant to this Agreement.

7.12 No Right to Withdraw Amounts.

No Partner will have any right to withdraw any amount or receive any distribution from the Partnership, except as expressly provided for in this Agreement. A Partner is only entitled to demand a return of its Capital Contribution upon the dissolution, winding-up or liquidation of the Partnership. Upon the winding-up, dissolution or liquidation of the Partnership, the General Partner will make distributions, including return of capital contributed to the Partnership by the Partners, in accordance with the provisions of Article 15.

7.13 No Interest Payable

Notwithstanding any other provision hereof, no Limited Partner shall be entitled to receive interest on the amount of its Capital Contribution or any balance in its Capital Account from the Partnership. No Limited Partner shall be liable to pay interest to the Limited Partnership on any negative balance of capital or in its Capital Account.

7.14 Limitations Prescribed by Statute

Notwithstanding any other provision of this Agreement, neither the Partnership nor the General Partner shall be liable to any Limited Partner for any failure to make any distribution contemplated by this Agreement if failure to make such distribution arises by reason of any statutory prohibition thereof, including the provisions of the Act.

ARTICLE 8
FINANCIAL INFORMATION

8.1 Books and Records.

The General Partner shall cause to be kept during the term of the Partnership and for a period of six (6) years thereafter, at the General Partner's principal place of business, as applicable, books of account and records reflecting the assets, liabilities, gross revenue and expenditures of the Partnership and all other records necessary to record the business and affairs of the Partnership and required to be kept pursuant to the Act or the ITA.

8.2 Reports.

The General Partner will deliver to each Limited Partner, at the same time as delivery is made to the Partnership's lenders, a copy of interim and annual consolidated financial statements of the Partnership and all financial monthly and other progress reports.

8.3 Annual Report.

In respect of each Fiscal Year of the Partnership, the General Partner shall, at the expense of the Partnership, require the Accountant to conduct an annual review of the financial statements of the Partnership and shall send or cause to be sent to each Limited Partner not later than 120 days following the end of each Fiscal Year of the Partnership an annual report containing:

- (a) the Accountant's report on the financial statements of the Partnership;
- (b) a balance sheet for the Partnership as at the end of the immediately preceding Fiscal Year;
- (c) an income or loss statement;
- (d) a statement of cash flows;
- (e) a statement of changes in each Partner's Capital Account for that Fiscal Year, including a report on the income/loss allocated to each Limited Partner, and the contributions and distributions, if any, from or to the Limited Partners; and
- (f) such other information as, in the reasonable opinion of the General Partner, is material to the operations of the Partnership or required by applicable law.

The foregoing is subject to a requirement of a lender to have an audit conducted.

8.4 Income Tax Information.

The General Partner shall send or cause to be sent to each Limited Partner on or before April 15 in each calendar year, all information necessary for the Limited Partners to prepare their income tax returns in respect of the preceding year.

ARTICLE 9
GENERAL PARTNER

9.1 Powers, Duties and Obligations.

The General Partner has:

- (a) unlimited liability for the debts, liabilities and obligations of the Partnership; and
- (b) save as otherwise provided in this Agreement, the full and exclusive right, power and authority to manage, conduct, control, administer and operate the business and affairs and to make all decisions regarding the undertaking and Business of the Partnership and for the protection and benefit of the Partnership.

Any action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership, and binds the Partnership. The General Partner shall have all the rights and powers which may be possessed by a general partner pursuant to the Act and such rights and powers otherwise conferred by law and by this Agreement. A Person in dealing with a General Partner acting on behalf of the Partnership is not required to inquire into the authority of the General Partner to bind the Partnership and is entitled to rely conclusively upon the power and authority of the General Partner as set out in this Agreement.

9.2 Specific Powers and Duties.

Without limiting the generality of Section 9.1 and so long as same are found within the relevant Annual Budget, but subject to Section 9.10 and Section 9.11, the General Partner has the power and authority to do the following:

- (a) **General Management.** The General Partner shall provide over-all management, financial, and business planning to the Partnership and take all measures necessary or appropriate for the Business of the Partnership or ancillary thereto including the appointment, termination and replacement of the Accountant.
- (b) **Execute Documents.** The General Partner may enter into, execute and carry out all agreements by or on behalf of the Partnership involving matters or transactions or services to be rendered to the Partnership which are within the ordinary course of the Partnership's Business and may execute, acknowledge and deliver any and all other deeds, documents and instruments and do all acts as may be necessary or desirable to carry out the intent and purpose of this Agreement.
- (c) **Incur Expenses.** The General Partner may incur reasonable expenses on behalf of and be reimbursed by the Partnership in connection with carrying out its duties, the Business and in connection of this Agreement.
- (d) **Banking.** The General Partner may open accounts in banks or other recognized financial institutions for the Partnership in the name of the Partnership, designate signatories and, from time to time, change the signatories to the accounts.

- (e) **Borrowing.** The General Partner may borrow money, issue evidences of indebtedness, arrange credit facilities and refinance indebtedness in the name of the Partnership from time to time from parties selected by it on such terms and conditions as it deems is required.
- (f) **Security.** The General Partner may pledge, mortgage and/or encumber as security in respect of any borrowings or credit facilities arranged by the Partnership any assets of the Partnership.
- (g) **Acquisition of Property.** The General Partner may attend to all matters relating to the acquisition and ownership of the Property by the Partnership.
- (h) **Management.** The General Partner shall manage, administer, conserve, develop, operate and dispose of any and all properties or assets of the Partnership and in general engage in any and all phases of the Business of the Partnership and, generally, to do the things and take the steps in connection with the Property, assets and undertaking of the Partnership and the Business. Without limiting the generality of the foregoing, the General Partner may delegate all or portion of the (a) development activities relating to the Project, to the Manager set out in the Project Management Agreement, which is anticipated to initially be an Affiliate of KarrasCo and (b) sale and lease of portions of the Project, and the day-to-day management to the Manager set out in the Property Management Agreement.
- (i) **Partnership Interests.** The General Partner shall provide an up-to-date list of all Partners and their addresses for service, to all Partners, as required from time to time to ensure that all Partners are aware of all current Partners.
- (j) **Sale of Assets.** The General Partner may enter into agreements and attend to all matters relating to the sale of one or more assets of the Partnership including a sale of all or substantially all the assets of the Partnership, subject to and in accordance with the terms of this Agreement.
- (k) **Investments.** The General Partner may invest and reinvest funds not immediately required for the operation of the Partnership in short-term securities or other investments.
- (l) **Arbitration.** The General Partner may submit the Partnership to binding arbitration with respect to matters pertaining to the assets and undertaking of the Partnership.
- (m) **Legal Proceedings.** The General Partner may commence or defend any action or proceeding in connection with any actions or proceedings brought by or against the Partnership and consent to a judgment against the Partnership.
- (n) **Elections, etc.** The General Partner may make, on behalf of the Partnership and of each Limited Partner, all elections, determinations or designations under the ITA or any other taxation or other legislation or laws of like import of Canada or any

jurisdiction within or outside of Canada in respect of any Partner's interest in the Partnership.

- (o) **Change Address.** The General Partner may change the address of the Partnership on written notice to the Limited Partners and upon the filing of a Subsequent Declaration reflecting the change.
- (p) **Filings.** The General Partner may file on a timely basis returns and any other documents which may be required to be filed by any governmental or like authority.
- (q) **Insurance.** The General Partner may secure, maintain and pay for insurance against liability or other loss with respect to the activities and assets of the Partnership.
- (r) **Employ.** The General Partner may employ or retain such Persons as may be necessary or appropriate for the conduct of the Partnership's business including permanent, temporary or part-time employees, attorneys, accountants and other support personnel for the Partnership, agents, consultants and contractors, and to terminate such Persons, all at the cost and expense of the Partnership.

9.3 [Intentionally Deleted.]

9.4 Title to Property.

Legal title to the assets of the Partnership shall be held by the General Partner or a wholly-owned subsidiary of the General Partner and the General Partner shall hold such assets in trust for the benefit of the Partnership and will execute from time to time such declarations of trust and make such filings as the Limited Partners from time to time may request by Resolution.

9.5 Standard of Care.

The General Partner covenants that it will exercise the powers and discharge its duties under this Agreement honestly, in good faith, and in the best interest of the Limited Partners and the Partnership, and that it will exercise the care, diligence and skill of a reasonably prudent Person performing comparable duties, and will maintain the confidentiality of financial and other information and data which it may obtain through or on behalf of the Partnership, the disclosure of which would adversely affect the interests of the Partnership or a Limited Partner, except to the extent that disclosure is required by law, provided for in this Agreement or is, in its opinion, in the best interest of the Partnership to disclose, and it will utilize the information and data only for the Business of the Partnership.

9.6 Transactions Involving Affiliates.

Subject to compliance with the terms of Section 9.13, the validity of a transaction, agreement or payment involving the Partnership and an Affiliate of the General Partner shall not be affected

by reason of the relationship between the General Partner and such Person or by reason of the approval or lack thereof of the transaction, agreement or payment by the directors of the General Partner, all of whom may be officers or directors of or otherwise interested in or related to such Affiliate.

9.7 Safekeeping of Assets.

The General Partner is responsible for the safekeeping and use of all funds and assets of the Partnership whether or not in its immediate possession or control and will not employ or permit another to employ the funds or assets except for the exclusive benefit of the Partnership.

9.8 Limitation of Liability.

The General Partner is not personally liable for the return of any Capital Contribution made by a Limited Partner to the Partnership. Moreover, notwithstanding anything else contained in this Agreement, neither the General Partner nor its officers, directors, shareholders, employees or agents are liable, responsible for, or accountable in damages or otherwise to the Partnership or a Limited Partner for an action taken or failure to act on behalf of the Partnership within the scope of the authority conferred on the General Partner by this Agreement or by law unless the act or omission was performed or omitted fraudulently or with wilful misconduct.

9.9 Indemnification.

The Partnership hereby agrees to indemnify and hold harmless the General Partner, its officers, directors, shareholders, employees, or agents from and against any claim, demand, action, cause of action, damages, loss, cost, liability or expense by reason of acts, omissions or alleged acts or omissions arising out of the activities of the General Partner on behalf of the Partnership or in furtherance of the interests of the Partnership, but only if the acts, omissions or the alleged acts or omissions on which the actual or threatened action, proceeding or claim are based were performed in good faith and were not performed or omitted fraudulently or with wilful misconduct by the General Partner, its officers, directors, shareholders or employees, as determined in a final non-appealable decision of a court of competent jurisdiction.

9.10 Restrictions upon the General Partner.

The General Partner will not:

- (a) cause the Partnership to do any act or thing for which Approval of the Partners is required without first obtaining such approval;
- (b) co-mingle the funds of the Partnership with the funds of the General Partner, its Affiliates, or any third party;
- (c) cause the Partnership material damage as a result of its own fraud or wilful misconduct; or
- (d) enter into a Project Management Agreement and/or a Property Management Agreement, with a Non-Arm's Length party to the Partnership or the General

Partner, unless such agreement(s) shall be approved by Resolution of Limited Partners holding 100% of the Partnership Interests.

9.11 Further Restrictions upon the General Partner.

Notwithstanding any other term of this Agreement, the General Partner shall not take any of the following actions, or permit the Project Manager or Property Manager to make or take any of the following actions, as applicable, (each a "Major Decision") with respect to the Partnership without Approval of the Partners by Resolution of Limited Partners holding 100% of the Partnership Interests:

- (a) the sale to a third party or parties of all or substantially all of the property or assets of the Partnership, or any Property or the Project out of the ordinary course of Business;
- (b) cause the Partnership to engage in any business other than the Business and the business of the Project;
- (c) make any amendment to the provisions of this Agreement or authorize the termination of this Agreement and the dissolution of the Partnership;
- (d) make any material changes to the Agreed Project Budget;
- (e) terminate the General Partner;
- (f) agree to admit any new or substitute Partner;
- (g) any change in the authorized or issued units of the Partnership other than as provided for herein;
- (h) approve or adopt the Annual Budget or make any material changes to any approved Annual Budget;
- (i) approve or incur any material cost or expense in excess of that set out in the most recent Annual Budget of the Partnership, such approval not be to be unreasonably withheld or delayed;
- (j) the borrowing of any money, the giving of any security or the making or incurring of any single capital expenditure in excess of Ten Thousand (\$10,000.00) Dollars or any capital expenditures which, in the aggregate, are in excess of Ten Thousand (\$10,000.00) Dollars in any financial year of the Partnership, except to the extent such actions are made in accordance with a previously approved Annual Budget;
- (k) the making of, directly or indirectly, loans or advances to, or the giving of security for or the guaranteeing of the debts of, any person;
- (l) the employment of any person at an aggregate annual remuneration of more than

Ten Thousand Dollars (\$10,000.00) per year or an increase in the remuneration of any employee to a total in excess of that amount not provided for in a previously approved Annual Budget;

- (m) any commitment by the Partnership which raises the aggregate of the outstanding obligations of the Partnership for material or supplies to more than Ten Thousand Dollars (\$10,000.00) not provided for in a previously approved Annual Budget;
- (n) purchase, sale, mortgage or lease by the Corporation of any real property;
- (o) hire or engage any developer or consultant related in any way whatsoever to the Business, Property and/or Additional Lands, including but not limited to those related to the Project, build out, legal, environmental, administrative, accounting, architecture, and/or engineering needs of the Business, Property and/or Additional Lands.

9.12 Dealing with Creditors.

In exercising the powers conferred upon the General Partner pursuant to this Article 9, the General Partner shall use its best efforts to inform each creditor of the Partnership prior to conducting any transaction with such creditor that the Partnership is a limited partnership within the meaning of the Act and the liability of the Limited Partners is limited by the Act.

9.13 Retainer of an Affiliate.

The General Partner may employ or retain Affiliates or Associates of the General Partner, any Limited Partner or shareholder of the General Partner or a Limited Partner on behalf of the Partnership to provide goods or services to the Partnership, provided such goods and services are provided to the Partnership on commercially reasonable terms. The General Partner is expressly authorized and permitted to borrow money from any Limited Partner or its Affiliates, and grant security to any Affiliate of a Limited Partner for such loans, for the account of the Partnership provided such transaction is on reasonable commercial terms.

9.14 Removal of General Partner.

The General Partner may be removed and a replacement general partner appointed by Resolution of Limited Partners holding 100% of the Class A Units only in the following events:

- (a) the adjudication of the General Partner as a bankrupt or the appointment of a receiver of the assets and undertaking of the General Partner that is not disputed by the General Partner within 45 days of such appointment and which is actively contested by the General Partner thereafter;
- (b) the General Partner making a voluntary assignment for the benefit of creditors;
- (c) unanimous consent of all Limited Partners; or
- (d) the dissolution, winding-up or liquidation of the General Partner.

In addition, the General Partner may be removed and a substitute general partner appointed by Resolution of the Limited Partners holding 100% of the Class A Units in the event of fraud or wilful misconduct by the General Partner in the performance of its obligations under this Agreement as determined by a court of competent jurisdiction in a final non-appealable decision. Notwithstanding the removal of the General Partner, the General Partner shall retain its right to receive all amounts earned to the effective date of the removal and such amount shall be paid as and when they are otherwise payable in accordance with the terms of this Agreement. The Resolution contemplated by this Section may be passed at the same meeting or otherwise at the same time. The replacement general partner appointed by the Limited Partners (the "**New General Partner**") shall assume all of the responsibilities and obligations of the removed General Partner (the "**Former General Partner**") under this Agreement from the date of such removal and upon the following additional terms:

- (a) the New General Partner shall, prior to assuming its responsibilities as a general partner under the terms of this Agreement, execute the documents presented by the Partnership to give effect to the assumption; and
- (b) the Former General Partner will execute such form of assignment or notices as may be required in order to enable the New General Partner to become registered as the assignee of the interest of the Former General Partner in the Partnership and the registered owner of the Property.

9.15 Voluntary Change of a General Partner.

The General Partner shall not resign, nor shall it Transfer its Partnership Interest or any part thereof unless such resignation or Transfer has been approved by Resolution of Limited Partners holding 100% of the Class A Units or is in connection with or ancillary to a merger or amalgamation of the General Partner resulting in a surviving or continuing corporation or body corporate which is then the General Partner or such Transfer is to an Affiliate. The General Partner is bound by the terms of this Agreement until the Transfer of its Partnership Interest to the New General Partner has been completed.

9.16 Status of the General Partner.

The General Partner represents, warrants, covenants and agrees with each other Partner that:

- (a) **Corporate Status.** The General Partner is a duly incorporated, organized and subsisting corporation under the laws of the Province of Ontario.
- (b) **Capacity.** The General Partner is duly qualified to carry on business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the Property owned or leased by it makes such qualification necessary.
- (c) **Corporate Capacity.** The General Partner has and will continue to have the capacity and corporate authority to act as the General Partner and to perform its obligations under this Agreement and that such obligations do not and will not

conflict with or breach its certificate and articles of incorporation, by-laws or any agreements by which it is bound.

- (d) **Commitment.** The General Partner will devote to the conduct of the Business of the Partnership such time as may be reasonably required for the proper management of the Business of the Partnership and will not carry on any other business.
- (e) **Residence.** The General Partner is not a “**non-resident**” of Canada within the meaning of the ITA, and is not a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada).
- (f) **Tax Shelter Investment.** The acquisition by the General Partner of Partnership Interests or the holding of the Partnership Interests by General Partner will not at any time cause any Partnership Interest to be a “**tax shelter investment**” for purposes of Section 143.2 of the ITA or result in the application of any analogous provision of any provincial tax legislation.

The representations and warranties contained in this Section shall survive the execution of this Agreement until the termination hereof.

9.17 Release of the General Partner

Upon the removal or resignation of the General Partner of the Partnership, the Limited Partnership shall release and hold harmless such removed or resigned General Partner from all actions, claims, costs, demands, losses, damages and expenses with respect to events that occur in relation to the Limited Partnership after the effective date of such removal or resignation other than those caused by or deriving from any fraudulent act or omission or wilful misconduct of the General Partner; provided, however, that any such holding harmless shall be made from the assets of the Limited Partnership and no Limited Partner shall be personally liable to the former General Partner.

ARTICLE 10 **LIMITED PARTNERS**

10.1 Admission of Limited Partners.

The General Partner, by the execution of this Agreement as the duly appointed attorney for the Limited Partners (including pursuant to a subscription agreement), admit Limited Partners to the Partnership as limited partners and agrees to record the Limited Partners in the Register and to cause to be executed and filed, as soon as practicable after the execution hereof, all such declarations, instruments and documents as may be required under the laws of the Province of Ontario to amend and restate the original agreement and reconstitute the Partnership as herein provided. The admission of the Limited Partners to the Partnership shall be effective from the date on which the Limited Partners are recorded in the Register.

10.2 Status of the Limited Partners.

Each of the Limited Partners severally (i.e. individually) represents, warrants, covenants and agrees with each other Partner that it:

- (a) has and will have the capacity and competence and, if a corporation, the necessary corporate authority, to enter into this Agreement;
- (b) is not a “**non-resident**” of Canada within the meaning of the ITA and it will not become a non-resident at any time while it is a Limited Partner;
- (c) has the legal capacity and competence and, if a corporation, has been duly authorized, to enter into this Agreement and take all actions required pursuant hereto;
- (d) will not change its status as represented and warranted herein, shall promptly provide evidence of such status to the General Partner upon request and shall not Transfer or purport to Transfer its Partnership Interest or any part thereof to any Person that would be unable to make the representations and warranties set out above;
- (e) neither the acquisition of Partnership Interests nor the holding of the Partnership Interests by the Limited Partner will at any time cause any Partnership Interest to be a “**tax shelter investment**” for purposes of Section 237.1 of the ITA or result in the application of any analogous provision of any provincial taxing legislation;
- (f) it has obtained independent legal and tax advice as to its liabilities and obligations under this Agreement and any subscription agreement, and acknowledges that the relevant provisions of the ITA and related statutes are complex and that it has taken such steps as it considers necessary to ensure that it understands the meaning and effect of such representations, warranties and indemnity;
- (g) it is not a “**financial institution**” as that term is defined in subsection 142.2(1) of the ITA unless such Limited Partner has provided written notice to the contrary to the General Partner prior to the date of acceptance of the Limited Partner's subscription for its Units. A Limited Partner who is not an individual may be obliged to provide the General Partner with a declaration that it is not a “**financial institution**” as that term is defined in subsection 142.2(1) of the ITA;
- (h) that payment of the subscription price for each Limited Partner's Partnership Interest was not financed through indebtedness for which recourse is or deemed to be limited within the meaning of the ITA;
- (i) it owns its Partnership Interest legally and beneficially free and clear of all Liens;
- (j) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Partnership and making an informed investment decision with respect thereto;

- (k) it is able to bear the economic and financial risk of an investment in the Partnership and understands that it has no right to withdraw and have its Partnership Interest repurchased by the Partnership;
- (l) it is acquiring its Partnership Interest for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof, and will provide to the General Partner such financial information with respect to its itself and its interest in the Partnership as may be reasonably required from time to time in connection with the registration of the development with any governmental or quasi-governmental agencies having jurisdiction, including and without limitations Tarion Canada pursuant to the Ontario New Home Warranty Program. It is acknowledged and agreed that no Partner shall be required to provide any guarantees or indemnities with respect to any such registrations;
- (m) it understands that the Partnership Interests have not been registered under the securities laws of any jurisdiction and cannot be disposed of unless they are subsequently registered and/or qualified or fall within an exemption under applicable securities laws and the provisions of this Agreement have been complied with;
- (n) it has not received or been provided with an “**offering memorandum**” (as defined under applicable securities laws) in connection with its acquiring its Partnership Interest; and

Insofar as they relate to it, the following representations and warranties are true and correct:

- (o) it is an “**accredited investor**” as that term is defined in National Instrument 45-106 “**Prospectus and Registration Exemptions**”;
- (p) it was not incorporated or created solely to permit the acquisition of its Partnership Interest without the need for the filing of a prospectus; and
- (q) if required by any laws, it will execute, deliver, file and otherwise assist the Partnership in filing within the applicable limitations of time, such reports, undertakings and other documents with respect to the acquisition or disposition of all or any part of its Partnership Interest as may be required.

The representations and warranties contained in this Section 10.2 shall survive the execution of this Agreement until the termination hereof.

10.3 Limitations on Authority of Limited Partners.

No Limited Partner, in its capacity as a limited partner, except to the extent permitted by law, shall:

- (a) take part in the control or management of the Business of the Partnership or exercise any power in connection therewith;
- (b) execute any document or take any action which binds or purports to bind any other Partner or the Partnership;
- (c) hold itself out as having the power or authority to bind any other Partner or the Partnership;
- (d) have any authority or power to act for or undertake any obligation or responsibility on behalf of any other Partner or the Partnership; or
- (e) bring any action for petition or sale in connection with any assets of the Partnership, whether real or personal, or register or permit any Lien to be filed or registered or remain undischarged against any assets of the Partnership.

10.4 Limited Liability of Limited Partners.

Subject to the provisions of the Act, the liability of each Limited Partner for the liabilities and obligations of the Partnership shall be limited to its Capital Contribution, plus its Undrawn Capital plus its Pro Rata Share of any undistributed income of the Partnership, and each Limited Partner shall have no further liability for any other debts, liabilities or obligations of the Partnership and shall not be liable for any claims or assessments or be required to make further contributions to the Partnership except as specifically provided for herein or otherwise agreed in writing.

10.5 Indemnification of Limited Partners and Insurance.

The General Partner hereby agrees to indemnify and hold harmless each Limited Partner (including former Limited Partners) for any claim, demand, action, cause of action, damage, loss, cost, liability or expense (including reasonable professional fees and disbursements) brought against or incurred by such Limited Partner if its liability is not limited in the manner provided for in this Agreement other than any lack of limited liability caused by any act or omission of such Limited Partner. The General Partner will be liable to indemnify and hold harmless the Partnership for any claim, demand, action, cause of action, damages or incurred by the Partnership as a result of any breach by the General Partner of its obligations set forth in this Agreement. The General Partner will use its commercially reasonable efforts to obtain and maintain comprehensive general liability insurance in an amount and manner satisfactory to the General Partner. The cost of such insurance shall be borne by the Partnership.

10.6 No Actions or Liens.

Except as specifically set out herein, each Limited Partner covenants that it shall not during the term of this Agreement bring any action for partition or sale or otherwise in connection with any interest in the Property, the Project, or other assets of the Partnership whether real or personal, corporeal or incorporeal, nor register, nor, other than as provided herein, permit any Lien to be recorded or remain undischarged against its interest in the assets of the Partnership.

10.7 Compliance with Laws.

Each Limited Partner shall upon request of the General Partner immediately execute any documents or do such other things as considered by the General Partner to be necessary to comply with any applicable law or regulation of any jurisdiction in which the Partnership carries on business in relation to the continuation, operation and good standing of the Partnership.

ARTICLE 11 REGISTRAR AND TRANSFER AGENT

11.1 Appointment.

The General Partner may designate and appoint a Registrar and Transfer Agent to maintain the Register of the Partnership. To the extent that no such appointment is made, the General Partner shall be the Registrar and Transfer Agent.

11.2 Duties.

The Registrar and Transfer Agent, on behalf of the General Partner, shall do the following:

- (a) **Office.** The Registrar and Transfer Agent shall maintain a registered office at the office of the General Partner or such other place in Ontario as may be stipulated by the General Partner and shall keep there a copy of the Declaration, any Subsequent Declarations and a copy of this Agreement and any amendments hereto.
- (b) **Register.** The Registrar and Transfer Agent shall maintain, either directly or through an intermediary appointed by it, the Register and shall record therein the full names and addresses of the Partners, its Partnership Interest, including the number and class of Units held by each Partner, whether each Partner is a limited or a general partner, particulars of registration and transfer of Units and shall record therein any mortgage or pledge of any Partnership Interest.
- (c) **Other Records.** The Registrar and Transfer Agent shall maintain such other records as may be required by law.
- (d) **Filings, etc.** The Registrar and Transfer Agent shall from time to time make on behalf of the Partnership all filings with any governmental authority that are required to be made by the Partnership.

ARTICLE 12 THE REGISTER

12.1 The Register.

The Register shall set forth the following information regarding each Partner:

- (a) **Partner Information.** The Partner's name and address or address for service, including municipality, street and number, if any, and postal code, and the Partner's corporation number, if any.
- (b) **Capital Contribution.** The amount of each Partner's Capital Contribution,
- (c) **Committed Capital.** The amount of each Partner's Committed Capital to the Partnership.
- (d) **Undrawn Capital.** The amount of each Partner's Undrawn Capital.

12.2 Direction from General Partner.

The Registrar and Transfer Agent shall rely upon the direction of the General Partner in recording Partners in the Register and the General Partner shall so direct the Registrar and Transfer Agent as follows:

- (a) **Acceptance of Transfer.** The General Partner shall provide to the Registrar and Transfer Agent written notice that the transfer or assignment of a Partnership Interest by a Partner has been accepted together with a copy of the duly completed Assignment and Transfer Form and written confirmation by the General Partner that satisfactory arrangements have been made in respect of the obligations of the transferor Partner to the Partnership.
- (b) **Capital Contribution.** The General Partner shall provide to the Registrar and Transfer Agent written notice of any changes in the Capital Contribution or Capital Commitment of a Partner together with such evidence as is deemed appropriate by the General Partner.

12.3 Liability of Registrar and Transfer Agent.

The Registrar and Transfer Agent shall not be liable for any error in the Register to the extent that such error was made in acting in accordance with the direction of the General Partner as provided in Section 12.2.

12.4 Effective Date.

The rights and obligations of the Limited Partners under this Agreement as between themselves commence on and are enforceable from the date on which the name and other required information in respect of such Limited Partner is recorded in the Register.

12.5 Inspection of Register.

Any Limited Partner, or an agent duly authorized in writing by such Limited Partner, shall have the right to inspect and take extracts from the Register during normal business hours, and, upon payment of a reasonable fee to the General Partner, to obtain a copy of the Register within a period of ten (10) days from the date of the filing of a written request therefore with the General

Partner at the principal place of business of the Partnership together with a statutory declaration stating:

- (a) the name and address of the applicant;
- (b) that the applicant is a Limited Partner; and
- (c) that the extracts will not be used by any Person except in connection with an effort to influence the voting by Limited Partners of the Partnership, an offer to acquire Partnership Interests of the Partnership or any other matter relating to the affairs of the Partnership.

ARTICLE 13 **MEETINGS**

13.1 Requisition of Meeting.

- (a) **General.** Meetings of the Limited Partners may be called by the General Partner or any of the Limited Partners at any time upon at least three (3) Business Days prior written notice, which notice shall include sufficient details of the business of the meeting to enable the Limited Partners to make an informed decision in respect of the business to be conducted at the meeting.
- (b) **Annual Meetings.** The General Partner shall not be required to convene an annual meeting of the Limited Partners.

13.2 Place of Meeting.

Every meeting of Partners will be held in Toronto, Ontario at a location to be determined by the General Partner.

13.3 Notice of Meeting.

Notice of any meeting will be given to each Limited Partner and to the General Partner. The notice shall be delivered at least three (3) days and not more than fifty (50) days prior to the meeting and shall specify:

- (a) the time, date, and place of the meeting; and
- (b) in reasonable detail, the nature of the business to be transacted at the meeting. It shall not be necessary to send each Limited Partner a copy of any document to be ratified, confirmed or approved if such document is made available through the General Partner for inspection.

Accidental omission to give notice of a meeting to, or the non-receipt of notice of meeting by, any Limited Partner will not invalidate proceedings at the meeting.

13.4 Proxies.

Any Limited Partner entitled to vote at a meeting may vote by proxy if the proxy has been received by the General Partner or the chairman of the meeting for verification prior to the meeting.

13.5 Validity of Proxies.

A proxy purporting to be executed by or on behalf of a Limited Partner will be considered to be valid unless challenged at the time of or prior to its exercise, and the Person challenging the proxy will have the burden of proving to the satisfaction of the chairman of the meeting that the proxy is invalid and any decision of the chairman concerning the validity of a proxy will be final.

13.6 Corporations.

A Limited Partner which is a corporation may appoint an officer, director or other authorized Person as its representative to attend, vote and act in its behalf at a meeting of Limited Partners.

13.7 Attendance of Others.

The General Partner, any officer or director of the General Partner, the solicitors for the General Partner and the Partnership, representatives of the Accountant and any other Person authorized by the General Partner will be entitled to attend any meeting of Limited Partners.

13.8 Chairperson.

The General Partner may nominate an individual (who need not be a Limited Partner) to be chairperson of a meeting of the Limited Partners and the individual nominated by the General Partner will be chairperson of such meeting unless the Limited Partners elect a chairperson by Resolution.

13.9 Quorum.

Subject to this Agreement, a quorum at any meeting of the Limited Partners will consist of Persons present in person who collectively hold or represent by proxy no less than 100% of the outstanding Units and if, within half an hour after the time fixed for the holding of such meeting, a quorum is not present, the meeting:

- (a) if called by or on the requisition of Limited Partners, shall be terminated; and
- (b) if called by the General Partner, shall be adjourned and shall be held at the same time and place on the day that is three (3) days later (or if that date is not a Business Day, the first Business Day after that date) and the General Partner shall not be required to give further notice of such adjourned meeting, and at such

reconvened meeting the quorum shall consist of the Limited Partners then present in person or represented by proxy.

13.10 Voting.

- (a) Every question submitted to a meeting will be decided by a Resolution. Each holder of Class A Units shall be entitled to one (1) vote for each such Unit held. Unless other specified herein, any Resolution shall be considered Approved by the Partners if passed at a properly convened meeting by Limited Partners holding a majority of the Units held by the Limited Partners except for any Major Decision, which shall require unanimous approval of Limited Partners holding Units present in person and entitled to vote at any properly convened meeting of Limited Partners. Any Resolution may also be Approved by the Partners in accordance with Section 13.12.
- (b) Any Partner who is in Default shall lose all rights to vote on any matter and in such instances, any matter requiring the Approval of the Partners shall be voted on solely by the Partners not in Default, provided that the foregoing limitation does not apply to any Resolution in respect of the removal of the General Partner.

13.11 Resolutions Binding.

Any Resolution passed in accordance with this Agreement shall be binding on all the Limited Partners and their respective heirs, executors, administrators, successors and assigns, whether or not any such Limited Partner was present in person or voted against any Resolution so passed.

13.12 Resolution in Lieu of Meeting.

Any Resolution consented to at any time during the Partnership's existence by the signature of the requisite number of Limited Partners holding the specified percentage of Partnership Interests is as valid and effective as if passed at a meeting of the Limited Partners duly called, constituted and held for that purpose.

13.13 Minutes.

The General Partner will cause minutes to be kept of all proceedings and Resolutions passed at every meeting or consented to by all of the Limited Partners, and to be entered in books to be kept for that purpose, and any minutes, if signed by the chairperson of the meeting or by the chairperson of the next succeeding meeting, will be deemed conclusive evidence of the matters stated in them and such meeting shall be deemed to have been duly convened and held and all Resolutions and proceedings shown in them shall be deemed to have been duly passed and taken.

13.14 Additional Rules and Procedures.

To the extent that the rules and procedures for the conduct of a meeting of the Limited Partners are not prescribed in this Agreement, the rules and procedures will be determined by the chairperson of the meeting.

ARTICLE 14
NOTICES

14.1 Notices.

A notice, demand, request, statement or other evidence required or permitted to be given under this Agreement must be in writing. It will be sufficiently given if delivered, or during the times the post office is normally operating, mailed prepaid, or delivered by hand, facsimile transmission, email, a recognized courier service or other telecommunications facilities to a party addressed as follows:

- (a) to the General Partner:

50 Minthorn BLVD, Suite 102
Markham, Ontario L3T 7X8

Attention: Gerard Lee, Authorized Signing Officer
Email: gerard.lee@lalucanada.com

with a copy to:

Lefko Law Professional Corporation
Phil R. Lefko
Barrister and Solicitor
Simpsons Tower
401 Bay Street, Suite 2410
Toronto, Ontario M5H 2Y4
Email: plefko@lefkolaw.ca

- (b) to: Lalu Holdings, 650 BayCo, 61 ElmCo, 59 ElmCo and 57 ElmCo

Lalu Canada Inc.
50 Minthorn BLVD, Suite 102
Markham, Ontario L3T 7X8

Attention: Gerard Lee
Facsimile: (647) 247-4354
Email: gerard.lee@lalucanada.com

with a copy to:

Phil R. Lefko
Barrister and Solicitor
Simpsons Tower
401 Bay Street, Suite 2410
Toronto, Ontario M5H 2Y4

Facsimile: (647) 247-4354
Email: plefko@lefkolaw.ca

(c) to: KarrasCo or the Principal

Keyser Mason Ball, LLP
1600 – 4 Robert Speck Blvd.
Mississauga, ON L4Z 1S1
Attn: Evan Karras

Facsimile: (905) 276-2298

with a copy to:

Amy M. Delisle
Partner
Keyser Mason Ball, LLP
1600 – 4 Robert Speck Blvd.
Mississauga, ON L4Z 1S1

Facsimile: (905) 276-2298
Email: adelisle@kmblaw.com

or to such other address as each party may from time to time advise the others in writing, and any such notice will be deemed to have been received three Business Days after mailing, or if sent by facsimile or email transmission or courier, on the next Business Day, or if delivered, when delivered, provided that if the notice is mailed and there occurs between the time of mailing and the actual or deemed receipt of the notice, a mail strike, slow down, or other labour dispute which might affect delivery of the notice, then the notice is effective only when actually delivered. A party may change its address for notices by giving notice in accordance with the foregoing. The accidental omission in the giving of, or failure to give, a notice required by this Agreement will not invalidate or affect in any way the legality of any meeting or other proceeding in respect of which such notice was or was intended to be given.

ARTICLE 15

DISSOLUTION AND LIQUIDATION

15.1 Dissolution.

The Partnership shall be wound-up, its assets liquidated and dissolved upon the occurrence of any of the following events:

- (a) the bankruptcy, dissolution or winding up of the General Partner or the occurrence of an event which would permit a trustee or receiver to acquire Control of the affairs of the General Partner during the term of this Agreement unless the General Partner is replaced as provided in Section 9.14;
- (b) the passing of a Resolution by Limited Partners holding 100% of the Class A Units approving the dissolution of the Partnership or the dissolution of the Partnership by operation of law; or
- (c) all of the remaining assets of the Partnership are sold, all liabilities of the Partnership have been paid in full, and all Cash Available for Distribution has been allocated and distributed to the Limited Partners and the General Partner in accordance with the provisions hereof, subject to any reserve the General Partner determines is necessary or advisable for contingent liabilities.

Dissolution will be effective on the day on which the event occurred giving rise to the dissolution but the Partnership will not terminate until its assets have been distributed in accordance with this Agreement and provided that the Partnership has no liabilities or contingent liabilities for which a reserve has not been established.

15.2 Liquidation of the Partnership Assets.

In the event of the dissolution of the Partnership, the General Partner, or in the event that the General Partner is bankrupt, a receiver appointed by Resolution, shall commence to wind up the affairs of the Partnership and to liquidate its assets. The Partners will continue to share profits and losses during the period of liquidation in the same proportions as before the dissolution. The General Partner or receiver, as the case may be, has the full right and unlimited discretion to determine the time, manner and terms of any sale of assets of the Partnership pursuant to the liquidation, having regard to the activity and condition of the relevant market and general economic conditions.

15.3 Distribution.

Following the payment of all debts and liabilities of the Partnership and all expenses of liquidation, but conditional upon the right of the General Partner or receiver to set up such cash reserves as it may deem necessary for any contingent or unforeseen liabilities or obligations of the Partnership, the proceeds of the liquidation and the other funds of the Partnership will be distributed to the Partners in accordance with the applicable provisions of Article 7, mutatis mutandis.

15.4 Statement.

Within a reasonable time following the completion of the liquidation of the Partnership, the General Partner will supply to each of the Limited Partners a statement, reviewed by the Accountant, setting out the assets and liabilities of the Partnership as of the date of complete liquidation and the distribution of its assets.

15.5 Cash Distribution.

No Limited Partner has the right to demand or receive properties other than cash upon dissolution and termination of the Partnership.

15.6 Termination.

Upon the completion of the liquidation of the Partnership and the distribution of all of the Partnership funds, the Partnership shall terminate and the General Partner has the authority to execute and record, and shall execute and record, any certificate as well as any other documents required to effect the dissolution or termination of the Partnership.

15.7 Continuity.

Except as specifically set out in this Agreement, the Partnership shall not dissolve or terminate upon the occurrence of any event, including the admission of a New General Partner or Substituted Limited Partner or be terminated by the withdrawal, removal, death, insolvency, bankruptcy or other disability of a Limited Partner or the Transfer of any Partnership Interest.

15.8 Receiver.

Subject to Section 9.14, the General Partner shall be the receiver of the Partnership charged with the responsibility of liquidating the Partnership upon its dissolution. If the General Partner is unable or unwilling to act in that capacity, then the Limited Partners shall appoint by Resolution another appropriate Person to act as the receiver of the Partnership. The receiver shall proceed diligently to wind up the affairs of the Partnership and to distribute the net proceeds from the sale of the assets of the Partnership. During the course of the liquidation, the receiver shall operate the properties and undertaking of the Partnership and in doing so is vested with all of the powers and authority of the General Partner in relation to the Partnership under the terms of this Agreement. The Partnership shall pay to the receiver its reasonable fees and disbursements incurred in carrying out its duties.

ARTICLE 16
AMENDMENT

16.1 General.

Except as otherwise set out in this Article 16, this Agreement may only be amended by Resolution.

16.2 Amendment by the General Partner.

The General Partner may, without prior notice to or consent from any Limited Partner, amend from time to time any provision of this Agreement if such amendment is to add any provision which is, in the opinion of counsel to the Partnership, for the protection or benefit of Limited Partners or of the Partnership or to cure an ambiguity or to correct or supplement any provisions contained herein which may be defective or inconsistent with any other provision contained

herein and the cure, correction or supplemental provision does not and will not, in the opinion of counsel to the Partnership, adversely affect the interest of any Limited Partner.

16.3 Notice of Amendment.

Limited Partners will be notified of the full details of any amendment to this Agreement pursuant to Section 16.2 within twenty-one (21) days of the effective date thereof. Where the proposed amendment requires approval by the Partners under this Article 16, the rules governing notice and meetings apply.

ARTICLE 17 **POWER OF ATTORNEY**

17.1 Power of Attorney.

Each Limited Partner does hereby irrevocably nominate, constitute and appoint the General Partner and any New General Partner, with full power of substitution, as its agent and true and lawful attorney to act on its behalf with full power and authority in its name, place, and stead to execute, deliver, ratify, swear to, acknowledge, confirm, record and/or file as and where required:

- (a) all agreements, instruments and documents relating to the issuance of Partnership Interests;
- (b) this Agreement and all instruments and declarations necessary to reflect any amendment to this Agreement;
- (c) the Declaration, any Subsequent Declaration and any other instruments or documents required to form, qualify, continue, amend and keep in good standing the Partnership as a limited partnership in all jurisdictions in which the Partnership may conduct its business;
- (d) any instrument required in connection with the dissolution, liquidation and termination of the Partnership;
- (e) all elections, determinations or designations under the ITA or any other taxation or other legislation or laws of similar import of Canada or of any provinces or other jurisdictions in respect of the affairs of the Partnership or of a Partner's interest in the Partnership;
- (f) all instruments relating to the admission of additional or Substituted Limited Partners subject to the terms and restrictions of this Agreement;
- (g) all documents as may be necessary to give effect to a transfer or assignment of Partnership Interests pursuant to this Agreement;

- (h) the documents necessary to be filed with the appropriate governmental body or authority in connection with the Business, properties, assets and undertaking of the Partnership;
- (i) the documents as may be necessary to give effect to the conduct of the Business of the Partnership as described in this Agreement;
- (j) all conveyances and other instruments or documents necessary to reflect the liquidation and dissolution of the Partnership, including cancellation of any declarations; and
- (k) all other instruments and documents as may be necessary and appropriate to carry out fully this Agreement.

Each Limited Partner agrees to be bound by any representation and action of the General Partner made or taken in conformity with this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney and, if requested, agrees to ratify any such representation or action, including the execution of any documents necessary to effect such ratification and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney. The power of attorney granted herein is irrevocable and is a power coupled with an interest and survives the assignment by a Limited Partner of the whole or any part of the interest of each such Limited Partner in the Partnership and extends to the heirs, executors, administrators, successors, assigns and other legal representatives of such Limited Partner, may be exercised notwithstanding the subsequent legal incapacity of such Limited Partner and may be exercised by the General Partner on behalf of each Limited Partner in executing such instrument with a single signature as attorney and agent for all of them. If a court of competent jurisdiction (or an arbitrator in circumstances where the General Partner has agreed to be bound by such arbitrator's decision) determines that this power of attorney has been terminated, been duly revoked or has become invalid, any exercise of the power by the General Partner following such termination, revocation or invalidity shall be valid and binding as between each Limited Partner or the estate of each Limited Partner and any person, including the General Partner, who acted in good faith and without knowledge of the termination, revocation or invalidity. A transferee of a Partnership Interest shall, upon becoming a Limited Partner, be conclusively deemed to have provided the General Partner with the power of attorney described in this Section 17.1.

Each Limited Partner hereby releases the General Partner from all liability of any kind that may arise in consequence of any act or omission of the General Partner pursuant to the power of attorney hereby granted, so long as the General Partner exercises its authority thereunder in good faith. Each Limited Partner hereby indemnifies the General Partner with respect to all liability that may arise in consequence of any act or omission of the General Partner in the exercise of its authority pursuant to such power of attorney, unless the General Partner is found by a court of competent jurisdiction in a final non-appealable decision to have acted without good faith in exercising its authority thereunder, and such indemnification shall remain effective for any entity that ceases to be General Partner in respect of any such act or omission that occurred while such entity was General Partner.

This power of attorney becomes effective on the date hereof and shall continue in respect of the General Partner so long as it is the general partner of the Limited Partnership, and shall terminate thereafter, but shall continue in respect of a New General Partner as if the New General Partner were the original attorney. This power of attorney is in addition to any other power of attorney granted by the Limited Partner in connection with their Partnership interests. This power of attorney shall survive the granting of any subsequent power of attorney by the Limited Partners.

17.2 Arbitration

In the event of any dispute, claim, question or difference between or among any parties relating to any matter, other than the fair market value of a Partnership Interest, which is subject to Section 6.13, may be settled by Arbitration under this Agreement and any Partner may, by written notice (the "**Arbitration Notice**") to the other party or parties, require same to be settled by arbitration pursuant to and in accordance with the provisions of the *Arbitrations Act*, 1991 (Ontario). Any arbitration commenced pursuant to this Section 17.2 shall be based on the following:

- (a) the arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the parties involved who is qualified by education and training to pass upon the particular matter to be decided, or in the event of failure to agree within ten (10) Business Days, either party may apply to the Superior Court of Justice of Ontario under the *Arbitrations Act*, 1991 (Ontario) to appoint the arbitrator;
- (b) the arbitrator shall be instructed that time is of the essence in proceeding with his/her determination of any dispute, claim, question or difference and, in any event, the arbitration award must be rendered within thirty (30) days of the submission of such dispute to arbitration;
- (c) the arbitration shall take place in the City of Toronto, Ontario;
- (d) the law to be applied in connection with the arbitration shall be the laws of the Province of Ontario, including its conflict of law rules;
- (e) in its arbitration award, the arbitrator may award any remedy for any breach of this Agreement that might have been awarded by the Superior Court of Justice of Ontario except where the remedy for such breach has been expressly limited by this Agreement;
- (f) the arbitration award shall be given in writing and shall be final and binding on the parties, not subject to any appeal on a matter of law, a matter of fact, or a matter of mixed fact and law pursuant to the *Arbitrations Act*, 1991 (Ontario);
- (g) the arbitration award shall deal with the question of costs of arbitration and all matters related thereto;

- (h) judgment upon the award rendered may be entered in any court of competent jurisdiction, or, application may be made to such court for a judicial recognition of the award or an order of enforcement thereof, as the case may be; and
- (i) nothing herein will prevent the party who gave the Arbitration Notice from applying for injunctive relief pending such arbitration proceeding.

ARTICLE 18
DEFAULT AND INSOLVENCY OF A PARTNER

18.1 Default

- (a) A Non-Defaulting Partner in respect of which no Default has occurred or in respect of which a Default has occurred and is not continuing and/or the General Partner shall have the right to deliver to a Defaulting Partner a Default Notice specifying the Default in respect of the Defaulting Partner.
- (b) If the Defaulting Partner does not cure or commence or diligently pursue the cure of the Default specified in the Default Notice within the time periods provided for in the definition of Default, or if the Default is incurable, the Non-Defaulting Partner shall have the right to:
 - (i) bring any proceedings in the nature of specific performance, injunction or other equitable remedy, it being acknowledged by the Limited Partners that damages at law may be an inadequate remedy for a Default, breach or threatened breach of this agreement;
 - (ii) bring any action at law or in equity that may be permitted in order to recover damages or for such other remedy or remedies as may be available to it; or
 - (iii) require the Defaulting Partner to sell its Partnership Interest(s) to the Non-Defaulting Partner pursuant to terms of Section 6.9 of this Agreement unless the Defaulting Partner is also an Insolvent Limited Partner, in which event the provisions of Section 18.2 shall apply.

18.2 Bankruptcy or Insolvency of a Limited Partner

If an Event of Insolvency occurs in respect of a Limited Partner (an “**Insolvent Limited Partner**”), any or all of the remaining Limited Partners may at any time within thirty (30) days following the date of such assignment, proposal, order or appointment by written notice to the Insolvent Limited Partner, elect to purchase the Partnership Interest of the Insolvent Limited Partner at a price equal to 66 2/3% the fair market value of such Insolvent Limited Partner’s Partnership Interest, determined in accordance with Section 6.13. The Closing of such purchase shall occur on the date that is five (5) days following the determination of the fair market value of the Insolvent Partner’s Partnership Interest and in accordance with the procedures set forth in Schedule “D”.

ARTICLE 19
MISCELLANEOUS

19.1 Headings.

The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

19.2 Number and Gender.

In this Agreement, unless the context otherwise requires, words importing singular include the plural and vice versa and words importing gender include all genders.

19.3 Currency.

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian currency.

19.4 Definitions.

Capitalized terms in the Agreement have the meanings set out in Schedule "C".

19.5 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 in any jurisdiction shall not affect the validity or enforceability of any other provision hereof in any other jurisdiction.

19.6 Entire Agreement, Schedules Waiver.

This Agreement and agreements and documents referred to herein constitute the entire agreement between the parties pertaining to the subject matter of this Agreement. The schedules attached hereto are expressly incorporated into and form part of this Agreement. There are no warranties, representations or agreements between the parties in connection with such subject matter except as specifically set forth or referred to in this Agreement. No amendment, waiver or termination 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.

19.7 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws in force in the Province of Ontario.

19.8 Binding Agreement, Enurement.

Subject to the restrictions on assignment and transfer herein contained, this Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and other legal representatives, successors and assigns, as applicable.

19.9 Time of the Essence.

Time is of the essence of this Agreement.

19.10 Counterparts.

This Agreement, or any amendment to it, may be executed in multiple counterparts, each of which will be deemed an original agreement, and all of which will constitute one agreement. This Agreement may also be executed and adopted by signing the Assignment and Transfer Form or similar instrument signed by a Substituted Limited Partner with the same effect as if such Substituted Limited Partner had executed a counterpart of this Agreement. All counterparts and adopting instruments shall be construed together and shall constitute one and the same agreement.

19.11 Waiver of Partition

The Limited Partners waive any right of partition or any right to take any other action which otherwise might be available to them for the purpose of severing their relationship with the Limited Partnership or their interest in the assets held by the Limited Partnership from the interest of the other Limited Partners.

19.12 Tender

Any tender or payment of money as required hereunder shall be tendered by an official bank draft drawn upon a Canadian chartered bank or by negotiable cheque payable in Canadian funds.

19.13 Further Assurances.

The parties will do such things and execute and deliver such documents as counsel to the Partnership considers necessary or desirable to carry out the terms and intent of this Agreement. For greater certainty and with respect to the obligations in Section 4.1(j) of KarrasCo to obtain consents relating to the 650 Bay Debt and/or effect a refinancing of the same, the Limited Partnership, the General Partner, Lalu Holdings and the Nominees shall each do all such things and provide all such documents, including but not limited to security, agreements, guarantees and other, that are customary to a commercial arrangement of that nature that are within its power and control.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first shown above.

General Partner:

650 BAY GP INC.

Per: _____
Name: Gerard Lee, A.S.O.

I have authority to bind the corporation.

650 BAY LALU LP HOLDINGS INC.

Per: _____
Name: Gerard Lee, A.S.O.

I have authority to bind the corporation.

9329293 CANADA INC

Per: _____
Name: Evan Karras, President

I have authority to bind the corporation.

57 ELM HOLDCO INC.

Per: _____
Name: Gerard Lee, A.S.O.

I have authority to bind the corporation.

59 ELM HOLDCO INC.

Per: _____
Name: Gerard Lee, A.S.O.

I have authority to bind the corporation.

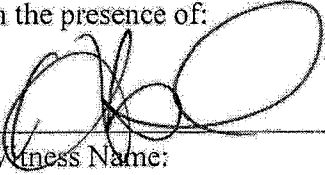
61 ELM HOLDCO INC.

Per: _____
Name: Gerard Lee, A.S.O.

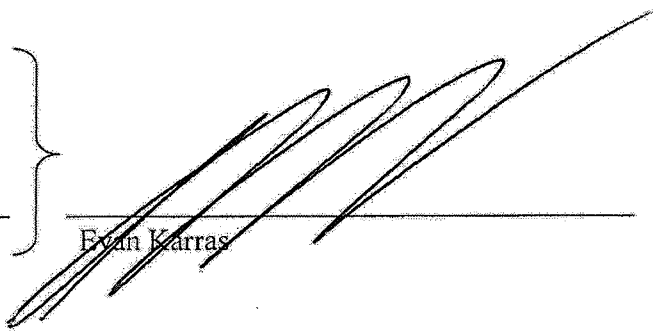
I have authority to bind the corporation.

SIGNED, SEALED & DELIVERED

In the presence of:



Witness Name:

} 

Evan Karras

SCHEDULE "A"

**to the 650 Bay Limited Partnership
Limited Partnership Agreement**

UNIT CERTIFICATE

_____ Class _____ Unit(s)

Certificate No.: _____

650 Bay Limited Partnership
(A Limited Partnership formed under the laws of the Province of Ontario)

THE UNDERSIGNED, being the general partner (the "General Partner") of 650 Bay Limited Partnership (the "Partnership"), hereby certifies on behalf of the Partnership that:

(Print Name of Registered Holder)

is the registered holder of _____ (Class A) (GP) limited partnership units (the "Unit" or "Units") in the Partnership.

The rights of a holder of Units are governed by a limited partnership agreement dated as of the ___th day of July, 2016 as the same may be amended or restated from time to time (the "Partnership Agreement"). The liability of the holder of this Certificate is limited to the amount of capital he, she or it has contributed or agreed to contribute to the Partnership plus his, her or its share of the undistributed income of the Partnership. A Limited Partner may lose the protection of limited liability if he, she or it takes part in the control of the business of the Partnership and may be liable to third parties as a result of false statements in public filings made pursuant to the laws of the Province of Ontario and applicable legislation of other jurisdictions.

A transfer of any Units represented by this Certificate may be initiated by delivering this Certificate, properly executed by the registered holder and the transferee on the reverse side hereof to the General Partner at its principal office at 401 Bay Street, Suite 2410, Toronto, Ontario M5H 2Y4. The transfer of Units to a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada) or a "non-resident" within the meaning of the *Income Tax Act* (Canada) may be denied.

Each Unit evidenced by this certificate is a "security" for the purposes of the *Securities Transfer Act*, 2006 (Ontario).

Capitalized terms not defined herein shall have the meaning ascribed to them in the Partnership Agreement.

IN WITNESS WHEREOF the undersigned has caused this Certificate to be signed by its duly authorized officer.

DATED at Toronto, Ontario, this ___ day of _____, 20__.

650 BAY LIMITED PARTNERSHIP, by its general partner **650 Bay GP Inc.**

Per: _____
Authorized Officer

(REVERSE SIDE OF UNIT CERTIFICATE)

650 BAY LIMITED PARTNERSHIP

UNIT CERTIFICATE

Certificate No: _____

(Print Name of Registered Holder)

Number of Units: _____

Date: _____

FOR VALUE RECEIVED, the undersigned hereby assigns and transfer unto:

(Print name of Transferee)

_____ Unit(s) represented by this Certificate.

DATED at _____ this _____ day of _____, 20____.

(Signature of Witness)

(Signature of Registered Holder)

SCHEDULE "B"

TO 650 BAY LIMITED PARTNERSHIP

Limited Partnership Agreement

ASSIGNMENT AND TRANSFER FORM

THE WITHIN UNITS MAY NOT BE TRANSFERRED TO A U.S. PERSON OR TO ANY PERSON IN THE UNITED STATES (AS DEFINED IN RULE 902(K) OF REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) OR TO ANY PERSON FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON OR A PERSON IN THE UNITED STATES, EXCEPT IN LIMITED CIRCUMSTANCES AS PERMITTED UNDER APPLICABLE SECURITIES LAWS. IN ADDITION, THE WITHIN UNITS MAY ONLY BE TRANSFERRED IN THOSE JURISDICTIONS AND TO THOSE PERSONS WHERE AND TO WHOM THEY MAY BE LAWFULLY TRANSFERRED PURSUANT TO AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS.

THE UNDERSIGNED being a Limited Partner of 650 Bay Limited Partnership (the "Partnership"), hereby transfers, assigns and sells to:

(Print Name of Transferee)

(Print Address of Transferee)

(City, Province, Postal Code)

(the "Transferee") _____ units of limited partnership interest in the Partnership (the "Unit" or "Units") registered in the name of the undersigned.

THE UNDERSIGNED hereby constitutes the above named Transferee as a substituted Limited Partner (a "Substituted Limited Partner") to the extent of the said number of Units and agrees to execute and deliver to the General Partner any documents required to effect a valid transfer of the said Units or which are necessary or advisable in the opinion of the General Partner to preserve the status of the Partnership as a limited partnership.

THE UNDERSIGNED agrees that the power of attorney previously granted to the General Partner will be effective for the purpose of executing and filing all certificates, amendments and other instruments necessary to give effect to this transfer.

DATED at _____ Province of _____ this ____ day of _____, 20__.

(Signature of Limited Partner)

(Name of Limited Partner – Please Print)

(Residence Address)

(City, Province, Postal Code)

(REVERSE SIDE OF ASSIGNMENT AND TRANSFER FORM)

Acknowledgement of Transferee

THE UNDERSIGNED, being the Transferee named above hereby accepts the transfer of the Unit(s) as herein provided and, in consideration of the General Partner accepting this transfer and conditional thereon, hereby:

1. agrees to be bound as a Limited Partner in the Partnership by the terms of the Partnership Agreement as from time to time amended and in effect and the Transferee hereby expressly ratifies and confirms the power of attorney given to the General Partner therein;
2. irrevocably constitutes and appoints the General Partner, with full power of substitution, as his true and lawful attorney and agent, with full power and authority in its name, place and stead to execute and deliver, for and on its behalf, the Partnership Agreement and any amendments thereto and hereby ratifies, for all legal purposes, execution of the Partnership Agreement on its behalf and all actions taken on its behalf pursuant thereto; and
3. declares that it is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada) nor a "non-resident" within the meaning of the *Income Tax Act* (Canada).

THE UNDERSIGNED hereby acknowledges that the power of attorney granted herein and in the Partnership Agreement is irrevocable and is a power coupled with an interest and survives the assignment by the undersigned of the whole or any part of the interest of the undersigned in the Partnership and extends to the heirs, executors, administrators, successors, assigns and other legal representatives of the undersigned and shall survive the death or disability of the undersigned until notice of death or disability is delivered to the General Partner and may be exercised by the General Partner on behalf of the undersigned in executing such instrument with a single signature as attorney and agent for all of them. The undersigned agrees to be bound by representation or action made or taken by the General Partner pursuant to such power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney.

THE UNDERSIGNED hereby accepts that this transfer form, the Partnership Agreement and related documents be in the English language only.

DATED at _____ Province of _____ this _____ day of _____, 20__.

(Signature of Witness)

(Signature of Transferee)

(Print Name of Witness)

(Name of Transferee – Please Print)

(Address of Transferee)

(City, Province, Postal Code)

(Social Insurance Number)

SCHEDULE "C"

**to the 650 BAY LIMITED PARTNERSHIP
Limited Partnership Agreement**

DEFINITIONS

"57 Elm Transfer Agreement" has the meaning ascribed thereto in Recital L.

"59 Elm Transfer Agreement" has the meaning ascribed thereto in Recital M.

"61 Elm Transfer Agreement" has the meaning ascribed thereto in Recital N.

"222" means 2220277 Ontario Inc.

"241" means 2414914 Ontario Inc.

"241 Property" has the meaning ascribed thereto in Recital G.

"650 Bay Debt" has the meaning ascribed thereto in Section 4.1(k).

"650 Bay Purchase Price" means the Closing Date Purchase Price for the Purchased Shares as set forth in the Evan Transfer Agreement.

"851" means 8517878 Canada Inc.

"851 Property" has the meaning ascribed thereto in Recital F.

"Additional Lands" has the meaning ascribed thereto in Recital J hereof.

"Adjoining Lands" has the meaning ascribed thereto in Recital J hereof.

"Adjoining Mortgage" has the meaning ascribed thereto in Recital K hereof.

"Adjoining Property Transfer" has the meaning ascribed thereto in Recital K hereof.

"Adjoining Property Transfer Agreements" has the meaning ascribed thereto in Recital N hereof.

"Accepting Partners" has the meaning given thereto in Section 6.12.

"Accountant" means such accounting firm as may be appointed for the Partnership by the General Partner from time to time in accordance with the terms of this Agreement.

"Act" means the Limited Partnerships Act, R. S. O. 1990, c. L. 16, and all regulations thereunder, all as amended from time to time and any successor legislation and regulations thereto.

“**Affiliate**” has the meaning ascribed to that term in the *Securities Act* (Ontario) and for greater certainty, the Principal is an Affiliate of KarrasCo and 222, but only prior to the Evan Transfer.

“**Agreed Project Budget**” means the total aggregate projected enterprise value of the Project as at the date of completion of construction of the Project as reflected in the Project Budget, as may be amended from time to time and approved pursuant to the Major Decision provisions set out in Section 9.11 hereof.

“**Agreement**” means this amended and restated limited partnership agreement, including the schedules hereto, in each case as they may be amended, modified and supplemented from time to time and the expressions “**hereof**”, “**herein**”, “**hereto**”, “**hereunder**”, “**hereby**” and similar expressions refer to this Agreement.

“**Annual Budget**” has the meaning ascribed to that term in Section 7.2.

“**Approval of the Partners**” or “**Approved by the Partners**” means the written approval of the Limited Partners as evidenced by a Resolution, provided that, subject as otherwise provided in this Agreement, where any Limited Partner is a Defaulting Partner, the Non-Defaulting Partners alone shall be entitled to make any decisions requiring the Approval of the Partners.

“**Arbitration Notice**” has the meaning given thereto in Section 17.2.

“**Arm's Length**” has the meaning attributed to such term in the ITA, as the same may be amended from time to time.

“**Assignment and Transfer Form**” is the form attached as Schedule “B” hereto.

“**Associate**” has the meaning ascribed to that term in the *Securities Act* (Ontario).

“**Bay Street Property**” has the meaning ascribed thereto in Recital C hereof.

“**Bona Fide Offer**” means a *bona fide* written offer received from an Arm's Length third party.

“**Business**” has the meaning ascribed thereto in Recital Q hereof.

“**Business Day**” means any day other than a Saturday, Sunday or other day which is a statutory holiday in the Province of Ontario.

“**Buyer**” has the meaning given thereto in Section 6.10.

“**Capital Account**” has the meaning given thereto in Section 7.1.

“**Capital Call**” has the meaning given thereto in Section 5.2(a).

“**Capital Called Amount**” has the meaning given thereto in Section 5.2(a).

“**Capital Call Date**” has the meaning given thereto in Section 5.2(b).

“**Capital Called Notice**” has the meaning given thereto in Section 5.2(a).

“**Capital Call Default**” has the meaning given thereto in Section 5.4.

“**Capital Call Defaulting Limited Partner**” has the meaning given thereto in Section 5.4.

“**Capital Call Non-Defaulting Limited Partner**” has the meaning given thereto in Section 5.4.

“**Capital Commitment**” means, on any particular date of determination with respect to any particular Limited Partner, the amount reflected in the books and records of the Partnership as such Limited Partner’s commitment of capital to the Partnership, which shall be the amount set forth herein or in the Limited Partner’s subscription agreement, as applicable, unless increased or cancelled in accordance with the terms hereof.

“**Capital Contribution**” means, with respect to any particular Limited Partner at any particular time of determination, the aggregate amount of capital contributed such Limited Partner pursuant to this Agreement to and including such time of determination which shall include all cash contributions and the fair market value of property or services contributed to the Partnership.

“**Carry-Along Offer**” has the meaning given thereto in Section 6.12.

“**Carry-Along Notice**” has the meaning given thereto in Section 6.12.

“**Carry-Along Rights**” has the meaning given thereto in Section 6.12.

“**Cash Available for Distribution**”, in respect of any particular Distribution Period, means the amount of cash, determined as at the last day of each Distribution Period held by the Partnership in its accounts or under its control on account of the Units, less (1) Operating Costs, (2) any Reserve and (3) Other Outlays.

“**Certificate**” means a certificate evidencing ownership of any Units, in the form set out in Schedule “A”, issued in accordance with this Agreement.

“**Class A Units**” has the meaning attributed thereto in Section 3.1(a).

“**Closing Date Purchase Price**” has the meaning given thereto in the Evan Transfer Agreement.

“**Control**” means, in relation to any Person, the ownership, directly or indirectly, of voting securities or other interests in such Person entitling the holder to exercise control and direction in fact over the activities of such Person, including by contract.

“**Debt**” has the meaning ascribed thereto in the Evan Transfer Agreement.

“**Declaration**” means the declaration in the form prescribed by the Act to be filed with the Registrar under the Act in respect of the Partnership, and any subsequent declarations filed pursuant to the Act.

“**Default**” means:

- (i) with respect to any Limited Partner, the breach by such Limited Partner in the performance of any of its obligations or any representation or warranty, under this Agreement, which breach:
 - (A) if of a monetary nature, is not cured within fifteen (15) days after receipt by such Limited Partner of a Default Notice of such breach from another Limited Partner or from the General Partner; or
 - (B) if of a non-monetary nature, is not cured within thirty (30) days after receipt by such Limited Partner of a Default Notice of such breach from another Limited Partner or from the General Partner (or if the breach reasonably requires more than thirty (30) days to cure, unless the Limited Partner in breach commences action to cure the breach within thirty (30) days after its receipt of the Default Notice from the other Limited Partner and thereafter promptly and continuously works to remedy and cure the breach) provided that such breach must be cured within ninety (90) days of receipt of such Default Notice; or
- (ii) with respect to any Limited Partner, if an encumbrancer levies a distress or execution against the Partnership Interest of the Limited Partner or the Limited Partner is subject to an Event of Insolvency;

“**Default Applicable Notice**” has the meaning ascribed thereto in Section 6.9.

“**Default Notice**” means a written notice issued by either another Limited Partner or the General Partner entitled “**Default Notice**” specifying that the Limited Partner to which it is delivered is in breach of this Agreement and identifying the provision of this Agreement under which it is in Default.

“**Defaulting Partner**” means a Limited Partner that has committed on Event of Default.

“**Default Units**” has the meaning ascribed thereto in Section 5.4.

“**Distribution Period**” means each quarter year of the Fiscal Year of the Partnership during the Term.

“**Drag Offeror**” has the meaning given thereto in Section 6.12.

“**Elm Street Property**” has the meaning ascribed thereto in Recital D hereof.

“**Evan Transfer**” has the meaning ascribed thereto in Recital I hereof.

“**Evan Transfer Agreement**” has the meaning ascribed thereto in Recital I hereof.

“**Event of Default**” means the occurrence of a Default.

“**Event of Insolvency**” means any one or more of the following events, namely:

- (i) if any Limited Partner shall:
 - (A) be wound up, dissolved or liquidated, or become subject to the provisions of the *Winding Up Act* (Canada) or any successor legislation thereto or have its existence terminated or have any resolution passed therefor;
 - (B) make a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada) or any successor legislation thereto; or
 - (C) propose a compromise or arrangement under the *Companies Creditors Arrangement Act* (Canada) or any successor legislation thereto or shall file any petition or answers seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future law relating to bankruptcy, insolvency, or other relief for debtors or for the benefit of creditors; and/or
- (ii) if a court of competent jurisdiction makes an order, judgment or decree against such Limited Partner seeking any reorganization, arrangement, liquidation, dissolution, winding up, termination of existence, declaration of bankruptcy or insolvency or similar relief under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors, generally, and such order, judgment or decree remains unvacated or unstayed for an aggregate of forty-five (45) days from the date of entry thereof; or if any trustee in bankruptcy, receiver, receiver and manager, or liquidator is appointed for such Limited Partner, and such appointment remains unvacated and unstayed for an aggregate of forty-five (45) days.

“**Fiscal Year**” means the fiscal year of the Partnership determined pursuant to Section 1.6 hereof.

“**Former General Partner**” means a Person who has ceased to be the General Partner of the Partnership.

“**GAAP**” means, at any time, accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis.

“**General Partner**” means 650 Bay GP Inc. and any other duly appointed and designated general partner of the Partnership.

“**General Partner Unit**” has the meaning ascribed thereto in Section 3.1(a).

“**Income Tax Act**” or “**ITA**” means the *Income Tax Act* (Canada).

“**Initial Notice**” has the meaning given thereto in Section 6.11(a).

“**Initiating Party**” has the meaning given thereto in Section 6.11(a).

“**Insolvent Limited Partner**” has the meaning given thereto in Section 18.2.

“**KarrasCo**” means 2220277 Ontario Inc.

“**Lalu Holdings**” means 650 Bay Lalu LP Holdings Inc.

“**Lien**” means any mortgage, charge, pledge, hypothecation, security interest, assignment encumbrance, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or and any other encumbrances of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation.

“**Limited Partner**” means a Person who has been recorded in the register of Limited Partners maintained for the Partnership, and “**Limited Partners**” means more than one Limited Partner.

“**Major Decisions**” has the meaning given thereto in Section 9.11.

“**New General Partner**” means a replacement or substituted general partner of the Partnership appointed or designated in accordance with this Agreement.

“**Non-Defaulting Partner**” means a Limited Partner not then in Default.

“**Notified Party**” has the meaning given thereto in Section 6.11.

“**Objecting Offeree**” has the meaning given thereto in Section 6.10.

“**Offer**” has the meaning given thereto in Sections 6.10

“**Offer Period**” has the meaning given thereto in Section 6.10.

“**Offerees**” has the meaning given thereto in Section 6.10.

“**Offeror**” has the meaning given thereto in Section 6.10.

“**Operating Costs**” means, for a particular period, the aggregate of all costs, charges and expenses, whether on account of capital or income, paid or prepaid during such period by or on behalf of the Partnership.

“**Other Outlays**” means the debt service payments pursuant to any mortgages affecting the Property (principal, interest, lenders’ costs, etc.), capital expenditures (including capital leases), taxes payable in connection with the operation of the Property and any other expenditure relating to the Property which would not be treated as an Operating Cost under GAAP.

“**Partner**” means any of the General Partner or a Limited Partner, “**Partners**” means more than one Partner and, for greater certainty, the term “Partners” refers collectively to the General Partner and all Limited Partners.

“Partnership” means 650 Bay Limited Partnership.

“Partnership Interest” means the interest of a Partner in the Partnership represented by the aggregate of the Units owned by a Partner plus any entitlements accruing to such Partner relating thereto including, without limitation, the full amount standing to the credit of such Partner in its Capital Account.

“Person” means any individual, partnership, limited partnership, limited liability partnership, corporation, limited or unlimited liability company, unincorporated organization or association, trust (including the trustees thereof, in their capacity as such), government (or agency or political subdivision thereof) or other entity.

“Plans and Studies” has the meaning ascribed thereto in Recital H hereof.

“Pro Rata Share” of a particular Limited Partner from time to time means the fraction which has as its numerator the total number of issued and outstanding Class A Units legally or beneficially held by a Limited Partner and, as its denominator, the total number of issued and outstanding Class A Units held by all Limited Partners.

“Project” means the proposed project intended to be the development and construction on the Property (together with the Adjoining Lands and the Additional Lands) of the Partnership of a mixed use commercial and high-rise residential condominium project, currently contemplated as set out in the Plans and Studies, subject to change as determined by the General Partner, and the installation of all appropriate services to permit the construction and sale of such a property and/or project, and having such uses, design and configuration as may be approved by the General Partner, in its sole discretion, which development may include the acquisition and development of Additional Lands.

“Project Budget” has the meaning ascribed thereto Section 4.1(f).

“Project Management Agreement” means the Project Manager Agreement of even date herewith between the Project Manager and the General Partner for and on behalf of Limited Partnership, as Owner, with respect to the development of the Project, as same may be amended from time to time.

“Project Manager” means the manager engaged pursuant to the Project Management Agreement.

“Property” means, collectively, the Bay Street Property, the Elm Street Property, the 241 Property and the 851 Property, each as more particularly described in Schedule “E” hereto.,

“Property Management Agreement” means the Property Management Agreement of even date herewith entered into between the Property Manager and the General Partner for and on behalf of the Limited Partnership, as owner with respect to the property management of the Property, as same may be amended from time to time.

“Property Manager” means the manager engaged pursuant to the Property Management Agreement.

“Purchased Interest” has the meaning given thereto in Section 6.10.

“Purchase Price” has the meaning given thereto in the Evan Transfer Agreement.

“Purchased Shares” has the meaning given thereto in the Evan Transfer Agreement.

“Put Purchase Price” has the meaning given thereto in Section 6.11(a).

“Quorum” has the meaning set out in Section 13.9.

“Receiving Partners” has the meaning given thereto in Section 6.12.

“Register” means the register of Partners required to be maintained by the General Partner in accordance with Article 12.

“Registrar and Transfer Agent” means the registrar and transfer agent appointed by the General Partner pursuant to Section Article 11.

“Remaining Partners” has the meaning ascribed thereto Section 6.12(b).

“Reserve” means, in respect of a particular period, any amount deemed by the General Partner to be necessary as a reserve cover for Operating Costs and capital expenditures of a subsequent period, and to preserve the capital of the Partnership.

“Resolution” means a resolution passed by the Partners holding the specified percentage of Units in accordance with the terms of this Agreement at a duly constituted meeting, or an adjournment thereof, of the Partners called for the purpose of considering such resolution or executed by Limited Partners holding the specified percentage of Units.

“Responding Notice” has the meaning given thereto in Section 6.11(b).

“Sale Transaction” has the meaning given thereto in Section 6.10.

“Subsequent Declaration” means a declaration supplemental to the Declaration and filed pursuant to the Act.

“Substituted Limited Partner” means a Limited Partner admitted to the Partnership upon the transfer of a Unit or Units from a transferring Limited Partner.

“Tag Offer” has the meaning ascribed thereto Section 6.12(b).

“Third Party” has the meaning ascribed thereto Section 6.12(b).

“Transfer” has the meaning ascribed thereto Section 6.1.

“Transfer Agreement” has the meaning given thereto under the heading “Whereas” on the first page of this Agreement.

“**Unit**” means a unit in the Partnership, including both a Class A Unit and a General Partner Unit, “**Units**” has the meaning given thereto in Section 3.1(a).

“**Undrawn Capital**” means, with respect to any particular Limited Partner at any particular time of determination, an amount equal to such Limited Partner’s Capital Commitment less the aggregate amount of such Limited Partner’s Capital Contributions made prior to such time.

SCHEDULE "D"

PROCEDURE FOR SALE OF PARTNERSHIP INTERESTS

Application of Sale Provisions.

1. Except as may otherwise be expressly provided in this Agreement, the provisions of this Schedule shall apply to any sale of Partnership Interests between or among Partners and any sale of Partnership Interests by a Partner to a third party pursuant to this Agreement.
2. For the purpose of this Schedule, the following terms shall have the following definitions:
 - (a) "**Vendor**" means the party selling Partnership Interests;
 - (b) "**Purchaser**" means the party purchasing Partnership Interests;
 - (c) "**Date of Closing**" means the date of closing of the purchase and sale of Partnership Interests;
 - (d) "**Time of Closing**" means the time of the closing of the purchase and sale of the Partnership Interests;
 - (e) "**Purchase Price**" means the purchase price to be paid for the Partnership Interests; and
 - (f) "**Purchased Interest**" means the Partnership Interests to be purchased and sold.

Capitalized terms used in this Schedule and not otherwise defined, have the meaning given to such terms in the Limited Partnership Agreement to which this Schedule is attached and forms part of.

Obligations of Vendor.

3. At or prior to the Time of Closing, the Vendor shall:
 - (a) Assign and transfer to the Purchaser the Purchased Partnership Interests;
 - (b) Do all other things required in order to deliver good and marketable title to the Purchased Interest to the Purchaser free and clear of any Liens whatsoever;
 - (c) Either provide the Purchaser with evidence reasonably satisfactory to the Purchaser that the Vendor is not then a non-resident of Canada within the meaning of the *Income Tax Act* (Canada) or provide the Purchaser with a certificate pursuant to subsection 116(2) of the *Income Tax Act* (Canada) with a certificate limit in an amount not less than the purchase price for the Purchased Interest;

Release of Guarantees etc.

4. If, at the Time of Closing, the Vendor, a principal of the Vendor or any other Person for and on behalf of the Vendor, shall have any guarantees, securities or covenants lodged with any Person to secure any indebtedness, liability or obligation of the Partnership or the remaining Limited Partners, then the Purchaser, General Partner and the remaining Limited Partners shall use their best efforts to deliver up or cause to be delivered up to the Vendor or cancel or cause to be cancelled all of such guarantees, securities and covenants at the Time of Closing. If, notwithstanding such best efforts, the delivery up or cancellation of any such guarantee, security or covenant is not obtained, the remaining Limited Partners shall deliver to the Vendor, the principal of such Vendor and such other Person an indemnity in writing, in form reasonably satisfactory to counsel for the Vendor, indemnifying them against any and all claims, losses, costs or damages which may be or which shall have been paid, suffered or incurred by them with respect to the guarantee, security or covenant.

Repayment of Debts.

5. If, at the Time of Closing, (a) the Partnership is indebted to the Vendor in an amount recorded on the books of the Partnership and verified by the Accountant, the Purchaser shall pay to the Vendor the aggregate amount of all such debts and assume such debts from the Vendor and (b) if the Vendor is indebted to the Partnership in an amount recorded on the books of the Partnership and verified by the Accountants, the Vendor shall repay such amount to the Partnership at the Time of Closing and, if the Vendor fails to make such repayment, the Purchaser shall be required to pay the amount of such indebtedness to the Partnership from the Purchase Price and the amount of the Purchase Price payable to the Vendor shall be reduced accordingly.

Payment of Purchase Price.

6. The Purchase Price (less an amount withheld equal to the face amount of any indebtedness of the Vendor to the Partnership) shall be paid by the Purchaser in full by wire transfer at the Time of Closing.

Non-compliance with Conditions.

7. If at the Time of Closing (i) the Purchased Interest is not free and clear of all Liens, or (ii) evidence or a certificate referred to in Section 3(c) of this Schedule is not provided, the Purchaser may, without prejudice to any other rights which it may have, purchase the Purchased Interest subject to such Liens or in the absence of such evidence or certificate, and, in that event, the Purchaser shall, at the Time of Closing, (iii) assume all obligations and liabilities with respect to such Liens, and (iv) make the payment of tax required under Section 116 of the *Income Tax Act* (Canada), as the case may be; and in each such case the Purchase Price payable by the Purchaser for the Purchased Interest shall be satisfied, in whole or in part, as the case may be, by such assumption or payment and the amount so assumed or paid shall be deducted from the Purchase Price payable at the Time of Closing.

Non-Completion by Vendor.

8. If, at the Time of Closing, the Vendor fails to complete the Sale Transaction, the Purchaser shall have the right, if not in default under this Agreement, without prejudice to any other rights which it may have, make payment of the Purchase Price payable to the Vendor at the Time of Closing by depositing such amount to the credit of the Vendor in the main branch of the Partnership's bankers in the City of Toronto. Such deposit shall constitute valid and effective payment of such amount to the Vendor irrespective of any action the Vendor may have taken to transfer or grant a Lien on the Purchased Interest. If the Purchase Price has been so paid, then from and after the date of deposit, the Sale Transaction shall be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity in and to the Purchased Interest shall conclusively be deemed to have been transferred to and become vested in the Purchaser and all right, title, benefit and interest, both at law and in equity, in and to the Purchased Interest of the Vendor or of any transferee or assignee of the Vendor shall cease. The Purchaser shall also have the right to execute and deliver, on behalf of and in the name of the Vendor, such deeds, transfers, unit certificates, resignations and other documents that may be necessary to complete the transaction and each Limited Partner, to the extent it may be a Vendor irrevocably appoints any Limited Partner who becomes a Purchaser in a Sale Transaction its attorney in that behalf in accordance with the *Powers of Attorney Act* (Ontario), with no restriction or limitation in that regard and declaring that this power of attorney may be exercised during any subsequent legal incapacity on its part.
9. The Vendor shall be entitled to receive the amount deposited with the Partnership's bankers pursuant to Section 8 of this Schedule together with the releases and indemnities to which it may be entitled pursuant to this Agreement on delivery to the Purchaser of the documents referred to in Section 3 of this Schedule and in compliance with all other provisions of this Agreement.

Non-Completion by Purchaser.

10. In addition to and without limiting any remedy that may be available at law or in equity to the Vendor, in the event that a person who is obligated to purchase Partnership Interests in accordance with this Agreement defaults in the performance of its obligation to complete such purchase, the Vendor may, at its option, by notice in writing to the defaulting person, terminate all its obligations relating to such purchase and, upon the giving of such notice in accordance with the provisions of this Section 10, such obligations shall be terminated without prejudice to the continued effectiveness of this Agreement.

No Joint Liability.

11. For greater certainty, the Parties acknowledge and agree that where a Sale Transaction involves more than one Purchaser, the Purchasers in such Sale Transaction are not jointly liable for the payment of the Purchase Price for the Purchased Interest and any indebtedness purchased, but are only liable for their proportionate share.

Consents.

12. The Parties acknowledge that the completion of any purchase and sale of Purchased Interest subject to this Schedule shall be subject, in any event, to the receipt of all necessary governmental and regulatory consents and approvals to the transfer of Partnership Interests contemplated thereby.

SCHEDULE "E"

DESCRIPTION OF THE PROPERTY

1. Bay Street Property

Municipal Address: 650 Bay Street, Toronto, Ontario

Legal Description: PT LT 2 PL 60 TORONTO AS IN CA720524; CITY OF TORONTO [PIN:21199-0067 (LT)].

2. Elm Street Property (61 Elm Street)

Municipal Address: 61 Elm Street, Toronto, Ontario

Legal Description: PT LT 2-3 PL 60 TORONTO AS IN CT997432; DESCRIPTION MAY NOT BE ACCEPTABLE IN FUTURE AS IN CT997432; CITY OF TORONTO [PIN: 21199-0070 (LT)]. **3. 851 Property (57 Elm Street)**

Municipal Address: 57 Elm Street, Toronto, Ontario

Legal Description: PT LT 2 PL 60 TORONTO AS IN EP149219; CITY OF TORONTO [PIN: 21199-00689 (LT)].

4. 241 Property (59 Elm Street)

Municipal Address: 59 Elm Street, Toronto, Ontario

Legal Description: PT LT 2-3 PL 60 TORONTO AS IN CA730655; CITY OF TORONTO [PIN:21199-69 (LT)].

SCHEDULE "F"

**PARTNERS, ISSUED UNITS, CAPITAL CONTRIBUTIONS, COMMITTED CAPITAL
AND UNDRAWN CAPITAL
AS OF JULY 12, 2016**

Name of Partner	Number and Class of Units	Capital Contribution	Committed Capital	Undrawn Capital
650 BAY GP Inc.	1 General Partner Unit	\$1.00	\$1.00	Nil
650 Bay Lalu LP Holdings Inc.	1 Class A unit	\$1.00	\$13,000,000.00	\$13,000,000.00
2220277 Ontario Inc. as nominee of 9329293 Canada Inc.	1 Class A unit	\$1.00	\$7,000,000.00	\$7,000,000

**PARTNERS, ISSUED UNITS, CAPITAL CONTRIBUTIONS, COMMITTED CAPITAL
AND UNDRAWN CAPITAL
AS OF JULY __, 2016**

Name of Partner	Number and Class of Units	Capital Contribution	Committed Capital	Undrawn Capital
650 BAY GP Inc.	1 General Partner Unit	\$1.00	\$1.00	Nil
650 Bay Lalu LP Holdings Inc.	6,500 Class A units	\$ _____	\$ _____	\$ _____
9329293 Canada Inc.	1 Class A unit	\$1.00	\$ _____	Nil.

SCHEDULE "G"
PROJECT BUDGET

To be attached.

SCHEDULE 4.1(b)
FORM OF PLEDGE AND SECURITY AGREEMENT

SCHEDULE 4.1(k)

DEBT, INCLUDING 650 BAY DEBT

Schedule 3.1B(bb) of the Evan Transfer Agreement is incorporated by reference and forms part of this Agreement as disclosure for purposes of this Schedule 4.1(k).

THIS IS **EXHIBIT B**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018


A COMMISSIONER, ETC.

650 BAY LIMITED PARTNERSHIP

UNIT CERTIFICATE

1 Class A Unit

Certificate No.: A-002

650 Bay Limited Partnership
(A Limited Partnership formed under the laws of the Province of Ontario)

THE UNDERSIGNED, being the general partner (the "**General Partner**") of 650 Bay Limited Partnership (the "**Partnership**"), hereby certifies on behalf of the Partnership that:

2220277 ONTARIO INC.
(Print Name of Registered Holder)

is the registered holder of ONE (1) Class A limited partnership unit (the "**Unit**" or "**Units**") in the Partnership.

The rights of a holder of Units are governed by a limited partnership agreement dated as of the 12th day of July, 2016 as the same may be amended or restated from time to time (the "**Partnership Agreement**"). The liability of the holder of this Certificate is limited to the amount of capital he, she or it has contributed or agreed to contribute to the Partnership plus his, her or its share of the undistributed income of the Partnership. A Limited Partner may lose the protection of limited liability if he, she or it takes part in the control of the business of the Partnership and may be liable to third parties as a result of false statements in public filings made pursuant to the laws of the Province of Ontario and applicable legislation of other jurisdictions.

A transfer of any Units represented by this Certificate may be initiated by delivering this Certificate, properly executed by the registered holder and the transferee on the reverse side hereof to the General Partner at its principal office at 401 Bay Street, Suite 2410, Toronto, Ontario M5H 2Y4. The transfer of Units to a "**non-Canadian**" within the meaning of the *Investment Canada Act* (Canada) or a "**non-resident**" within the meaning of the *Income Tax Act* (Canada) may be denied.

Each Unit evidenced by this certificate is a "**security**" for the purposes of the *Securities Transfer Act*, 2006 (Ontario).

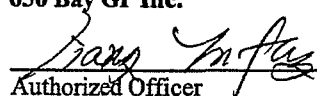
Capitalized terms not defined herein shall have the meaning ascribed to them in the Partnership Agreement.

IN WITNESS WHEREOF the undersigned has caused this Certificate to be signed by its duly authorized officer.

DATED at Toronto, Ontario, this 12th day of July, 2016.

650 BAY LIMITED PARTNERSHIP, by its general partner 650 Bay GP Inc.

Per:


Authorized Officer

THIS IS **EXHIBIT C**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018



A COMMISSIONER, ETC.

650 BAY LIMITED PARTNERSHIP

UNIT CERTIFICATE

1 Class A Unit

Certificate No.: A-001

650 Bay Limited Partnership
(A Limited Partnership formed under the laws of the Province of Ontario)

THE UNDERSIGNED, being the general partner (the "**General Partner**") of 650 Bay Limited Partnership (the "**Partnership**"), hereby certifies on behalf of the Partnership that:

650 Bay Lulu LP Holdings Inc.
(Print Name of Registered Holder)

is the registered holder of ONE (1) Class A limited partnership unit (the "**Unit**" or "**Units**") in the Partnership.

The rights of a holder of Units are governed by a limited partnership agreement dated as of the 12th day of July, 2016 as the same may be amended or restated from time to time (the "**Partnership Agreement**"). The liability of the holder of this Certificate is limited to the amount of capital he, she or it has contributed or agreed to contribute to the Partnership plus his, her or its share of the undistributed income of the Partnership. A Limited Partner may lose the protection of limited liability if he, she or it takes part in the control of the business of the Partnership and may be liable to third parties as a result of false statements in public filings made pursuant to the laws of the Province of Ontario and applicable legislation of other jurisdictions.

A transfer of any Units represented by this Certificate may be initiated by delivering this Certificate, properly executed by the registered holder and the transferee on the reverse side hereof to the General Partner at its principal office at 401 Bay Street, Suite 2410, Toronto, Ontario M5H 2Y4. The transfer of Units to a "**non-Canadian**" within the meaning of the *Investment Canada Act* (Canada) or a "**non-resident**" within the meaning of the *Income Tax Act* (Canada) may be denied.

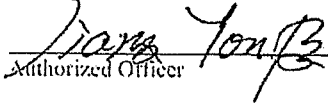
Each Unit evidenced by this certificate is a "**security**" for the purposes of the *Securities Transfer Act*, 2006 (Ontario).

Capitalized terms not defined herein shall have the meaning ascribed to them in the Partnership Agreement.

IN WITNESS WHEREOF the undersigned has caused this Certificate to be signed by its duly authorized officer

DATED at Toronto, Ontario, this 12th day of July, 2016.

650 BAY LIMITED PARTNERSHIP, by its general partner **650 Bay GP Inc.**

Per: 
Authorized Officer

650 BAY LIMITED PARTNERSHIP

UNIT CERTIFICATE

6,499 Class A Units

Certificate No.: A-003

650 Bay Limited Partnership
(A Limited Partnership formed under the laws of the Province of Ontario)

THE UNDERSIGNED, being the general partner (the "**General Partner**") of 650 Bay Limited Partnership (the "**Partnership**"), hereby certifies on behalf of the Partnership that:

650 Bay Lalu LP Holdings Inc.
(Print Name of Registered Holder)

is the registered holder of SIX THOUSAND FOUR HUNDRED AND NINETY-NINE (6,499) Class A limited partnership unit (the "**Unit**" or "**Units**") in the Partnership.

The rights of a holder of Units are governed by an amended and restated limited partnership agreement dated as of the 12th day of July, 2016 as the same may be amended or restated from time to time (the "**Partnership Agreement**"). The liability of the holder of this Certificate is limited to the amount of capital he, she or it has contributed or agreed to contribute to the Partnership plus his, her or its share of the undistributed income of the Partnership. A Limited Partner may lose the protection of limited liability if he, she or it takes part in the control of the business of the Partnership and may be liable to third parties as a result of false statements in public filings made pursuant to the laws of the Province of Ontario and applicable legislation of other jurisdictions.

A transfer of any Units represented by this Certificate may be initiated by delivering this Certificate, properly executed by the registered holder and the transferee on the reverse side hereof to the General Partner at its principal office at 401 Bay Street, Suite 2410, Toronto, Ontario M5H 2Y4. The transfer of Units to a "**non-Canadian**" within the meaning of the *Investment Canada Act* (Canada) or a "**non-resident**" within the meaning of the *Income Tax Act* (Canada) may be denied.

Each Unit evidenced by this certificate is a "security" for the purposes of the *Securities Transfer Act, 2006* (Ontario).

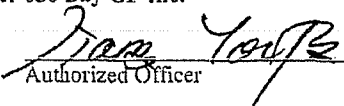
Capitalized terms not defined herein shall have the meaning ascribed to them in the Partnership Agreement.

IN WITNESS WHEREOF the undersigned has caused this Certificate to be signed by its duly authorized officer.

DATED at Toronto, Ontario, this 28th day of July, 2016.

650 BAY LIMITED PARTNERSHIP, by its general partner 650 Bay GP Inc.

Per:


Authorized Officer

THIS IS **EXHIBIT D**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018


A COMMISSIONER, ETC.

SHARE TRANSFER AGREEMENT

THIS AGREEMENT made as of the 29th day of July, 2016.

BETWEEN:

2220277 ONTARIO LIMITED, a corporation formed under the laws of the Province of Ontario (“**Company**”)

- and -

EVAN KARRAS, an individual resident in the Province of Ontario (the “**Vendor**”)

- and -

9329293 CANADA INC., a corporation formed under the laws of Canada (the “**Evan Holdco**”)

- and -

650 BAY LIMITED PARTNERSHIP, a limited partnership formed under the laws of the Province of Ontario, by its general partner 650 Bay GP Inc. (the “**Purchaser**”)

RECITALS:

- A. The Vendor is the sole director and officer of the Company.
- B. The Vendor is the legal and beneficial owner of all of the Purchased Shares.
- C. Evan Holdco is a company wholly-owned and controlled by the Vendor and will receive significant benefits arising from the transactions contemplated by this Agreement, including obtaining its interest in the Purchaser.
- D. The Vendor wishes to sell, and the Purchaser wishes to purchase all of the Vendor's right, title and interest in and to the Purchased Shares upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the foregoing and the representations, warranties, covenants, conditions, agreements and promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties to this Agreement, including the payment by the Purchaser to Evan Holdco of the amount of ten dollars (\$10.00), now paid, the Parties agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

Throughout this Agreement, the following terms shall have the following corresponding meanings:

"650 Bay Mortgages" means the mortgages on the Property as set out in Schedule 1.1(a), having an aggregate outstanding amount payable, including all principal and all accrued and unpaid interest to and including the Closing Date and including the aggregate amount of all contingent liabilities and obligations under all collateral mortgages, whether or not any amount shall be outstanding or owing at any time, as set out in Schedule 1.1(a) as of the date hereof and as updated as of the Closing Date.

"Adjustment Notice" has the meaning ascribed thereto in Section 2.5.

"Affiliate" has the meaning given to such term in the *Securities Act* (Ontario).

"Agreement" means this share transfer agreement between the Parties, including all instruments amending or restating of this Agreement.

"Annual Financial Statements" means the annual reviewed financial statements of the Company for the fiscal years ended December 31, 2014 and December 31, 2015, copies of which are set out in Schedule 3.1(B)(g).

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, (i) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-law, Order or other requirement having the force of law, (ii) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, the **"Law"**) relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of the Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation.

"arm's length" has the meaning that it has for purposes of the *Income Tax Act* (Canada);

"Assets" means all of the undertaking and all of the property and assets of the Company of every kind and description and wheresoever situate, including all assets shown on the Financial Statements, and all real and personal property, including the Plans and Studies all rights in and to the Plans and Studies.

"Associate" has the meaning given to such term in the *Securities Act* (Ontario).

"Books and Records" means the Financial Records and all other books, records, files and papers of the Company including drawings, engineering information, manuals and data, sales and advertising materials, sales and purchase correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel, employment and other records, and the minute and share certificate books of the Company and all records, data and information stored electronically, digitally or on computer-related media.

"Business" has the meaning given to such term in the Limited Partnership Agreement.

"Business Day" means any day other than a Saturday, Sunday or statutory holiday in Ontario.

“Capital Contribution” has the meaning ascribed thereto in Limited Partnership Agreement.

“Capital Commitment” has the meaning ascribed thereto in Limited Partnership Agreement.

“Claims” means, collectively, Direct Claims and Third Party Claims.

“Closing” means the closing of the purchase and sale of the Purchased Shares contemplated by this Agreement, including without limitation, the payment of the Purchase Price and the delivery of the documents to be delivered on the Closing Date in the manner and at the times set forth in this Agreement.

“Closing Date” means July ___, 2016 or such earlier or later date as the Parties may agree or as may be extended in accordance with the terms hereof.

“Closing Time” means 2 p.m. Toronto time on the Closing Date or such other time on the Closing Date as the Parties shall agree in writing.

“Consent” means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any Person (other than the Company) which is provided for or required: (i) in respect of or pursuant to the terms of any Contract; or (ii) under any Applicable Law, in either case in connection with the sale of the Purchased Shares to the Purchaser on the terms contemplated in this Agreement, to permit the Company to carry on the Business after Closing, or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

“Contracts” means all pending and executory contracts, agreements, leases and arrangements (whether oral or written) to which the Company is a party or by which the Company or any of its Assets or the Business is bound or under which the Company has rights.

“Damages” means, whether or not involving a Third Party Claim, any loss, cost, liability, claim, interest, fine, penalty, assessment, damages available at law or in equity, expense (including reasonable costs, fees and expenses of legal counsel and reasonable costs, fees and expenses of investigation) or diminution in value.

“Debt” means, with respect to the Company, all debts, indebtedness, liabilities or obligations of any kind whatsoever, whether primary or secondary or absolute or contingent, including, without limitation: (i) the principal amount of any indebtedness for borrowed money, including the 650 Bay Mortgages (including the full amount of contingent liabilities under collateral mortgages forming part of the 650 Bay Mortgages), cheques, overdrafts and orders accepted representing an extension of credit, together with all prepayment premiums or penalties and other amounts in respect thereof to terminate and discharge such obligations; (ii) all payment obligations of the Company for the deferred purchase price for purchases of property; (iii) any capital lease obligation, synthetic lease obligation, obligation under any sale and leaseback transaction or purchase money obligation; (iv) any off-balance sheet financing; (iv) evidenced by notes, bonds, debentures, guaranties, mortgages or similar obligations and any obligation on which interest is customarily paid by a Person, including banker's acceptances and letters of credit; (v) any liability of the Company with respect to interest rate swaps, collars, caps and similar hedging obligations in existence immediately prior to the Closing; (vi) secured by an Encumbrance on any Assets; (vii) any debt like obligations; (viii) any issued and outstanding shares or securities of the Company where a Person may require the redemption or purchase by the Company of such shares or securities and any declared but unpaid,

or accrued but not paid, dividends on shares of the Company; (ix) any indebtedness of the type referred to above of any Person other than the Company in existence immediately prior to the Closing which is either guaranteed by, or secured by a security interest upon any property of the Company; (x) any unpaid interest, prepayment premiums or penalties accrued or owing on any such indebtedness or obligations; (xi) all trade payables and any other payments payable in respect of any trade payables, whether or not incurred in the ordinary course of business; (xii) all Taxes for the period up to and including the Closing Date, including those which may be, or become, due or payable after the Closing Date; (xiii) amounts paid and payable in respect of the Property, including under Permitted Encumbrances, utilities (to the extent such meters have not been read on Closing), and utilities deposits, taxes (including local improvement charges and assessments and business taxes) and other adjustments established by the usual practice in Toronto, Ontario for the purchase and sale of a property similar to the Property; and (xiv) the dollar value of any Damages subject to the Vendor's indemnification obligation hereunder.

"Direct Claim" has the meaning ascribed thereto in Section 5.3.

"Employee" means an individual who is employed by the Vendor whether on a full-time or part-time basis.

"Employee Plans" all written or oral employee benefit, welfare, supplemental unemployment benefit, bonus, pension, profit sharing, executive compensation, current or deferred compensation, incentive compensation, stock compensation, stock purchase, stock option, stock appreciation, phantom stock option, savings, severance or termination pay, retirement, supplementary retirement, hospitalization insurance, salary continuation, legal, health or other medical, dental, life, disability or other insurance (whether insured or self-insured) plan, program, agreement or arrangement, and every other written or oral benefit plan, program, agreement or arrangement sponsored, maintained or contributed to or required to be contributed to by the Vendor for the benefit of the Employees or former Employees and their dependants or beneficiaries.

"Encumbrances" means any mortgage, charge, pledge, security interest, assignment, encumbrance, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or and any other encumbrances of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation other matters capable of becoming any of the foregoing as well as any work orders or deficiency notices issued by any authority having jurisdiction over the Property.

"Engagement" shall have the meaning given to it in Section 4.4.

"Environmental Claims" means a claim, notice, administrative order, citation, complaint, summons, writ, proceeding or demand relating to remediation, investigation, monitoring, emergency response, decontamination, restoration or other mandated action under any Environmental Laws or any notice, claim, demand or other communication alleging or asserting liability, either direct or indirect, and either in whole or by way of contribution or indemnity, for investigatory, monitoring or cleanup costs, Governmental Authority response costs, damages, personal injuries, fines, penalties or for other relief, and arising out of, based on or resulting from: (i) the presence, or Release into the environment, of any Hazardous Materials; or (ii) any non-compliance or alleged non-compliance with any Environmental Laws; or (iii) the failure of the

Property to comply with any environmental standard in Ontario related to the uses proposed for the Project as outlined in the Limited Partnership Agreement.

"Environmental Laws" means all Applicable Laws now or hereafter in existence concerning contamination, pollution, protection or preservation of the environment or otherwise relating to the environment (including the air within any structure or underground space) or to environmental aspects of occupational health and safety, product safety and product liability, including Applicable Laws pertaining to: (i) reporting, licensing, permitting, investigating and remediating the presence of Hazardous Materials; and (ii) the storage, generation, use, handling, manufacture, processing, transportation, treatment, Release and disposal of Hazardous Materials.

"Estimated Closing Statement" has the meaning given to such term in Section 2.4.

"Final Closing Statement" the resulting closing statement from each determination of an amendment to the Estimated Closing Statement in accordance with the terms of this Agreement.

"Financial Records" means all of the Company's books of account and other financial data and information, and includes all records, data and information stored electronically, digitally or on computer-related media.

"Financial Statements" means the Annual Financial Statements and the Interim Financial Statements.

"Governmental Authority" means: (a) any domestic or foreign government, whether national, federal, provincial, state, territorial, municipal or local (whether administrative, legislative, executive or otherwise); (b) any agency, authority, ministry, department, regulatory body, court, central bank, bureau, board or other instrumentality having legislative, judicial, taxing, regulatory, prosecutorial or administrative powers or functions of, or pertaining to, government; (c) any court, commission, individual, arbitrator, arbitration panel or other body having adjudicative, regulatory, judicial, quasi-judicial, administrative or similar functions; and (d) any other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange or professional association.

"Hazardous Materials" means any contaminants, pollutants, substances or materials that, when released into the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, including such contaminants, pollutants, substances or materials are prohibited, controlled or regulated by any Governmental Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in any Environmental Laws.

"HST" means the harmonized goods and services tax imposed under Part IX of the *Excise Tax Act*;

"Income Tax Act" means the *Income Tax Act*, R.S.C. 1985, 5th Supplement and the regulations thereunder and any analogous applicable provincial income tax legislation.

"Indemnified Party" means the Purchaser Indemnified Parties or the Vendor Indemnified Parties, as the case may be.

"**Independent Accountant**" has the meaning ascribed thereto in Section 2.5.

"**Intellectual Property**" means all rights to and interests in: (a) all business names, trade names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses and other communications addresses used by the Company; (b) all inventions, patents, patent rights, patent applications (including all reissues, divisions, continuations, continuations-in-part and extensions of any patent or patent application) used by the Company; (c) all industrial designs and applications for patent and registration of industrial designs and industrial design rights, design patents and industrial design registrations used by the Company; (d) all trade-marks and registrations and applications for registration of trade-marks and all trade dress, logos, slogans and brand names used by the Company; (e) all copyright in all works and database rights and registrations and applications for registrations thereof; (f) all rights and interests in and to processes, journals, notebooks, data, trade secrets, designs, logic diagrams, algorithms, know-how, drawings and manuals, technology, blue prints, plans development reports, agency agreements, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information used by the Company; (g) all other intellectual property rights throughout the world used or held by the Company; and (h) all rights ancillary to such intellectual property.

"**Interim Financial Statements**" means the unaudited financial statements of the Company as at, and for the 6 month period ended, June 30, 2016, and a balance sheet and income statement for the period from June 30, 2016 to the Closing Date, true and complete copies of which are attached as Schedule 3.1(B)(g).

"**Improvements**" means all chattels, plants, buildings, structures, fixtures, erections and improvements located on, over, under or upon the Property and any mechanical, electrical, plumbing, heating and air-conditioning systems relating to the Property, including any of the foregoing under construction.

"**Independent Accountant**" has the meaning ascribed thereto in Section 2.6.

"**Liability**" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"**Licence**" means any licence, permit, authorization, approval or other evidence of authority issued or granted to, conferred upon, or otherwise created for, the Company by any Governmental Authority.

"**Limited Partnership Agreement**" means the amended and restated limited partnership agreement attached hereto as Exhibit "A".

"**Legal Proceedings**" means any court, administrative, regulatory or similar proceeding (including any investigative proceedings by any authority); arbitration or other dispute settlement procedure; enforcement or realization actions and proceedings under security; or any similar matter or

proceeding, including actions, applications, demands, disputes or claims in respect of any of the foregoing as well as any work order or deficiency notice issued by any authority having jurisdiction.

"Notice of Claim" has the meaning ascribed thereto in Section 5.3.

"Material Adverse Change" means a change in the business or assets of the Company or in the operations, affairs, prospects or condition (financial or otherwise) of the Company including any such change arising as a result of any change in Applicable Law, the amendment or revocation of any Licence, relating to any Order, or as a result of fire, explosion, accident, casualty, labour problem, flood, drought, riot, storm, terrorist act, pandemic, disease, act of God or otherwise.

"Notice" has the meaning ascribed thereto in Section 7.3.

"Order" means any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

"Parties" means, collectively, the Company, the Vendor, Evan Holdco and the Purchaser, and **"Party"** shall refer to any one of such Persons.

"Partnership Interest" has the meaning ascribed thereto in the Limited Partnership Agreement.

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.

"Permitted Encumbrances" means, collectively, those Encumbrances that related solely to the Property and that are described in Schedule 1.1(b) hereto.

"Person" means any individual, sole proprietorship, limited or unlimited liability corporation, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, body corporate, joint venture, trust, pension fund, union, governmental authority, and a natural person including in such person's capacity as trustee, heir, beneficiary, executor, administrator or other legal representative.

"Personal Information" means information about an identifiable individual as defined in Privacy Law.

"Personal Property" means all machinery, equipment, furniture, furnishings, office equipment, computer hardware, supplies, materials, vehicles, material handling equipment, implements, parts, tools, jigs, inventory, spare parts and tangible assets owned or used or held by the Company wherever located, including any of the foregoing which are in storage or in transit and any of the foregoing which may be attached to the Property but are not Improvements.

"Plans and Studies" means all plans, drawings, rezoning applications and other documents and studies and investigations with respect to the potential development and construction on the lands comprising the Property of the Project.

"Privacy Law" means the *Personal Information Protection and Electronic Documents Act* (Canada), the *Freedom of Information and Protection of Privacy Act* (Ontario) and any comparable Law of any other province or territory of Canada.

"Project" shall have the meaning ascribed thereto in the Limited Partnership Agreement.

"Property" means all real property in which the Company has any right, title or interest, including legal or beneficial ownership, all of which is set out in Schedule "A".

"Purchaser" means 650 Bay Limited Partnership.

"Purchaser Indemnified Parties" shall have the meaning ascribed thereto Section 5.1.

"Purchase Price" has the meaning ascribed thereto in Section 2.3.

"Purchase Price Adjustment" has the meaning ascribed thereto in Section 2.5.

"Purchased Shares" means all the issued and outstanding shares in the capital of the Company (being 1,000 common shares as of the date of this Agreement and such other shares which may be issued and outstanding as at the Closing).

"Purchaser's Solicitor" means, in respect of real property matters, Coumts Crane, 480 University Ave., Suite 700, Toronto, Ontario, Attention: Harry Polizos and in respect of corporate matters, Lefko Law professional Corporation, 401 Bay Street, Suite 2410, Toronto, Ontario M5H 2Y4, Attention: Phil Lefko.

"Receivables" means all accounts receivable, bills receivable, trade accounts, book debts and insurance claims of the Company together with any unpaid interest accrued on such items and any security or collateral for such items, including recoverable deposits.

"Regulatory Approval" means any approval, consent, ruling, authorization, notice, permit, License or acknowledgement that may be required from any Person pursuant to Applicable Law or the conditions of any Order in connection with the sale of the Purchased Shares to the Purchaser on the terms contemplated in this Agreement, to permit the Company to carry on the Business after Closing as contemplated by the Limited Partnership Agreement or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.

"Release" means, in addition to the meaning given to it under any Environmental Laws, any release, spill, leak, pumping, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage or placement.

"Stub Period Returns" has the meaning ascribed thereto in Section 4.2.

"Taxes" means all taxes including all income, sales, use, goods and services, HST, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, levies, imposts and other assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance and

unemployment insurance payments and workers' compensation premiums, together with any installments with respect thereto, and any interest, fines and penalties, in all cases imposed by any Governmental Authority in respect thereof and whether disputed or not.

"Tax Returns" means all returns, information returns, reports, elections, agreements, declarations or other documents of any nature or kind required to be filed with any applicable Governmental Authority in respect of Taxes.

"Third Party Claim" has the meaning ascribed thereto in Section 5.3.

"Threatened", when used in relation to a Legal Proceeding or other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that a Legal Proceeding or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that a Legal Proceeding or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future

"Undrawn Capital" has the meaning ascribed thereto in Limited Partnership Agreement.

"Vendor's Solicitor" means Keyser Mason Ball, LLP, 4 Robert Speck Parkway, Suite 1600, Mississauga, Ontario, L4Z 1S1, Attention: Amy Delisle.

1.2 Certain Rules of Interpretation

In this Agreement:

- (a) **Time** – Time is of the essence in and of this Agreement.
- (b) **Calculation of Time** – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends. Where the last day of any such time period is not a Business Day, such time period shall be extended to the next Business Day following the day on which it would otherwise end.
- (c) **Business Days** – Whenever any action to be taken or payment to be made pursuant to this Agreement would otherwise be required to be made on a day that is not a Business Day, such action shall be taken or such payment shall be made on the first Business Day following such day.
- (d) **Currency** – Unless otherwise specified, all references to amounts of money in this Agreement refer to the lawful currency of Canada.
- (e) **Headings** – The descriptive headings preceding Articles and Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Agreement into Articles and Sections shall not affect the interpretation of this Agreement.

- (f) **Including** – Where the word “including” or “includes” is used in this Agreement, it means “including without limitation” or “includes without limitation”.
- (g) **Plurals and Gender** – The use of words in the singular or plural, or referring to a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such persons or circumstances as the context otherwise permits.
- (h) **Statutory References** – Any reference to a statute shall mean the statute in force as at the date of this Agreement (together with all regulations promulgated thereunder), as the same may be amended, re-enacted, consolidated or replaced from time to time, and any successor statute thereto, unless otherwise expressly provided.

1.3 Accounting Principles

Whenever in this Agreement reference is made to generally accepted accounting principles, or to GAAP, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor entity thereto, applicable as at the date on which such principles are to be applied or on which any calculation or determination is required to be made in accordance with generally accepted accounting principles.

1.4 Applicable Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. References to statutes shall be deemed to be references to such statutes as they exist on the date of this Agreement.

1.5 Knowledge

Where any representation, warranty or other statement in this Agreement is expressed to be made by the Vendor or Evan Holdco to his or its knowledge or the knowledge of the Company or is otherwise expressed to be limited in scope to facts or matters known to the Vendor, the Company or Evan Holdco or of which the Vendor, the Company or Evan Holdco is aware, it shall mean such knowledge as is actually known to, or which could have or should have come to the attention of the Vendor, the Company or Evan Holdco or the directors, officers, employees, agents or representatives of such Persons, after a due and appropriate inquiry by such Persons, including conducting and completing such due diligence respecting 222 and the Property as would be the customary practice of solicitors engaged to act for purchaser's of securities of 222 and/or property similar to the Property, in each case in the City of Toronto as of the date hereof.

ARTICLE 2 **PURCHASE AND SALE**

2.1 Purchase and Sale

Subject to the provisions of this Agreement, at the Closing Time:

- (a) **Purchase and Sale of Purchased Shares** – the Vendor shall sell and the Purchaser shall purchase the Purchased Shares, which shall be free and clear of all Encumbrances;
- (b) **Payment of Purchase Price** – the Purchaser shall satisfy the Purchase Price payable to the Vendor for the Purchased Shares as provided in Section 2.3.
- (c) **Transfer and Delivery of the Purchased Shares** – the Vendor shall transfer and deliver to the Purchaser share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record, and shall take such steps as shall be necessary to cause the Company to enter the Purchaser or its nominee(s) upon the books of the Company as the holder of the Purchased Shares and to issue one or more share certificates to the Purchaser or its nominee(s) representing the Purchased Shares; and
- (d) **Other Documents** – the Vendor and Purchaser shall deliver such other documents as may be necessary to complete the transactions provided for in this Agreement.

2.2 Binding Agreement

Upon the execution and delivery of this Agreement by all Parties hereto on the date hereof, the respective agreements of the Parties set out herein shall and do create and constitute a binding agreement of purchase and sale of the Purchased Shares on and subject to the provisions of this Agreement. The Closing shall take place on the Closing Date, which shall in no event be later than the date that is thirty days from the date of this Agreement.

2.3 Purchase Price

The Vendor and Purchaser agree that the purchase price for the Purchased Shares shall be the amount of \$7,000,000 (the “**Estimated Purchase Price**”). The Estimated Purchase Price assumes that the total Debt of the Company on the Closing Date is \$8,000,000 (the “**Estimated Closing Date Debt**”), which for greater certainty, all calculations of Debt includes, without limitation, the sum of the aggregate amount outstanding under the 650 Bay Mortgages (inclusive of all accrued and unpaid interest, fees, penalties and other amounts payable thereunder to the applicable lenders and plus the aggregate sum of the contingent liabilities and obligations under collateral mortgages on the Property, as more particularly described and itemized in Schedule 1.1(a)) and all Taxes payable by the Company in respect of the period up to and including the Closing Date, whether or not due as the Closing Date.

On the day prior to Closing, the parties will determine the aggregate Debt of the Company (the “**Closing Date Debt**”) and the Closing Date Purchase Price, which shall be the amount equal to \$7,000,000: (a) plus the amount, on a dollar for dollar basis, that the Closing Date Debt is less than \$8,000,000 or (b) less the amount, on a dollar for dollar basis, that the Closing Date Debt is greater than \$8,000,000 (the “**Closing Date Purchase Price**”).

The consideration payable by the Purchaser for the Purchased Shares shall be paid and satisfied by the issuance by the Purchaser to the Vendor, or as the Vendor shall direct, of up to a maximum number of 3,499 Class A limited partnership units (the “**Target Number of Units**”) of the Purchaser. The

Purchaser will satisfy the Closing Date Purchase Price for the Purchased Shares by the issuance to the Vendor, or as the Vendor shall direct, of the number of Class A limited partnership units determined as follows (the "**Closing Date Units**"):

(a) if the Closing Date Debt is equal to or less than \$8,000,000, the Purchaser will issue 3,499 Class A limited partnership units; and

(b) if the Closing Date Debt is greater than \$8,000,000, the Purchaser will issue the number of Class A limited partnership units determined as follows:

Number of Class A limited partnership units Issued = 3,499 Class A limited partnership units x Estimated Closing Debt / Closing Date Debt.

By way of example:

If the Closing Date Debt = \$9,000,000.

Number of Class A limited partnership units Issued = 3,499 Class A limited partnership units x \$8,000,000 / \$9,000,000.

=3,110 Class A limited partnership units.

The difference between the Target Number of Units and the Closing Date Units actually issued is (3,499 - 3,110 = 389 Class A limited partnership units in the above example) is referred to herein as the "**Contingent Units**".

From time to time, at any time following the Closing up to the time on date that 650 Bay Lalu LP Holdings Inc. satisfies its Undrawn Capital under the Partnership Agreement (the "**Cut Off Date**"), the Vendor shall be issued additional Class A limited partnership units out of the number of Contingent Units, proportionate to, the amount in cash that the Vendor shall actually irrevocably pay to and the Purchaser shall have received in full as reimbursement of any Closing Date Debt paid and discharged by the Vendor on behalf of the Purchaser, to a maximum amount of the Closing Date Debt less the Estimated Closing Date Debt. Such Contingent Units will issued upon such payment or discharge of such Closing Date Debt by KarrasCo.

By way of example:

If the Closing Date Debt is \$9,000,000. The difference between the Closing Date Debt and the Estimated Closing Date Debt is \$1,000,000. The number of Contingent Units is 389 and will be issued proportionate to the ratio of the Closing Date Debt that is paid and satisfied by the Vendor. For example, if the Vendor pays \$500,000 to the Purchaser on account of the Closing Date Debt, the Purchaser will issue the Vendor $389 \times \$500,000 / \$1,000,000 = 194.5$ Class A limited partnership units.

The Vendor will be credited with a Capital Contribution to the Partnership on the Closing Date equal to the Closing Date Purchase Price. On each date that the Vendor satisfies any Closing Date Debt in excess of \$8,000,000, the Vendor will be credited with a further Capital Contribution to the Purchaser. The final purchase price for the Purchased Shares will be equal to the Closing Date

Purchase Price plus the amount of Closing Date Debt satisfied by the Vendor following the Closing Date prior to the Cut Off Date (the "**Purchase Price**").

The Vendor hereby irrevocably directs the Purchaser to pay and satisfy (a) the Closing Date Purchase Price and (b) each issuance of Contingent Units, by issuance to Evan Holdco of such Class A limited partnership units to be issued by the Purchaser.

2.4 Closing Statement and Determination of Purchase Price.

The Vendor shall prepare and deliver to the Purchaser on the day prior to the Closing an estimated closing statement of the Vendor as of the Closing Date in a form acceptable to the Purchaser (the "**Estimated Closing Statement**"). The Estimated Closing Statement will set out the calculation of the Estimated Closing Debt, the Closing Date Purchase Price and the number of Closing Date Units and identify all adjustments thereto. The Estimated Closing Statement shall be accurate and complete at the time of its delivery and subject to acceptance and agreement by the Purchaser, acting reasonably.

2.5 Purchase Price Adjustment.

If after the Closing, the Purchaser determines at any time and from time to time up to the date that is the later of the (a) the Cut Off Date and (b) the date that this eighteen months following the Closing Date that the Estimated Closing Statement delivered by the Vendor pursuant to Section 2.4 was inaccurate or incorrect in any respect, the Purchaser may, at any time, and from time to time, after the Closing Date, notify the Vendor of such determination in writing (an "**Adjustment Notice**"), its basis therefor and any amount it claims is owing to the Purchaser as a result of any such inaccuracy or error in the Estimated Closing Statement (the "**Purchase Price Adjustment**"). For greater certainty, any such Purchase Price Adjustment or period in which to deliver an Adjustment Notice does not in any way limit or restrict any other right or remedy of the Purchaser hereunder, including pursuant to the indemnification provisions of Article 5. The Purchaser's right to deliver an Adjustment Notice, shall not be limited by any failure to raise any objections to the Estimated Closing Statement prior to the Closing. For a period of 10 days after giving an Adjustment Notice (or such longer period as may be agreed upon by the Parties) in respect of a Purchase Price Adjustment, the Parties shall negotiate in good faith and endeavor to reach a definitive agreement on the Purchase Price Adjustment, any amendment to the Estimated Closing Statement and the resulting Final Closing Statement. Additionally, any refund or credit pertaining to the period prior to Closing that is paid to the Corporation, shall be credited to the Vendor within five (5) days of the same. The Parties shall cooperate with each other in connection with, and shall provide the other Parties and their Representatives reasonable access to the books and records, working papers and relevant personnel relating to information provided in the Adjustment Notice and the determination of the Purchase Price Adjustment. If the Parties are unable to reach an agreement on the Purchase Price Adjustment during such 10 day period (or longer period as they may agree, if applicable), then the determination thereof shall be submitted by the Parties to a chartered accountant associated with an accounting firm of recognized national standing in Canada, which is independent of the Parties (the "**Independent Accountant**"). If the Parties are unable to agree on the Independent Accountant within a further ten (10) day period, either the Purchaser or the Vendor may apply under the *Arbitration Act, 1991* (Ontario) to have a court appoint the Independent Accountant. The Independent Accountant shall, as promptly as practicable (but in any event, within 45 days following its appointment), make a determination of the Purchase Price Adjustment, if any, based

solely on written submissions of the Parties given by them to the Independent Accountant. The submissions of each Party shall be disclosed to the other Parties and each other Party shall be afforded a reasonable opportunity to respond thereto. The Purchase Price Adjustment, if any, as determined by the Independent Accountant, shall be final and binding upon the Parties and shall constitute the Purchase Price Adjustment for purposes of this Agreement. The Estimated Closing Statement shall be amended to reflect each and every Purchase Price Adjustment and each such amended Estimated Closing Statement, as amended from time to time, shall be the Final Closing Statement as of such determination. The fees and expenses of the Independent Accountant shall be borne by the parties in a manner to be determined by the Independent Accountant based upon the respective merits of their positions.

2.6 Payment of the Purchase Price Adjustment.

Each Purchase Price Adjustment payable by the Vendor to the Purchaser shall be paid forthwith by the Vendor and in any event not later than five Business Days following the final determination of each Purchase Price Adjustment. Any amount payable to the Purchaser in respect of a Purchase Price Adjustment shall accrue interest at the rate of 8% per annum, simple interest, from the Closing Date, and shall be paid at the same time as each payment of the Purchase Price Adjustment is due and payable to the Purchaser. All monies paid or received by the Purchaser in respect of any Purchase Price Adjustment shall be credited first to any interest payable and owing on any Purchase Price Adjustment and then to the Purchase Price Adjustments Payable. In the event that the Vendor fails to make payment of any Purchase Price Adjustment, including all interest payable in respect thereof, to the Purchaser when due, the Purchaser shall adjust the Capital Contribution and Capital Commitment of the Vendor with respect to the Partnership which the Parties acknowledge and agree will result in a downward adjustment to the Partnership Interest of Evan Holdco in the Partnership.

The Parties shall record and report the final Purchase Price (including to take into account the issuance of Contingent Units), and not take any position inconsistent therewith, as finally determined, including in any financial statements, Tax Return or in response to any inquiry or Legal Proceeding respecting Taxes.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties and Covenants of the Vendor

Part (A) - Representations and Warranties and Covenants Relating to the Property

The Vendor and Evan Holdco, jointly and severally, hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement and completing the transactions contemplated hereby:

- (a) the Company is the registered, legal and beneficial owner of the Property free and clear of any Encumbrances, other than Permitted Encumbrances and has a good marketable title to the Property;

- (b) there is no direct or indirect, Contract, agreement, arrangement, option or other right or privilege (at law, in equity or otherwise) outstanding or contingent in favour of any Person for the purchase of the Property or any other right, entitlement or interest (contingent or otherwise) in the Property, except for the rights of the Purchaser to acquire the Purchased Shares hereunder;
- (c) except as set forth in Schedule 3.1(A)(c), there is not now any lease, offer to lease, contract, agreement or arrangement (oral or written) entered into by the Vendor or any other Person affecting or binding the Property. True and complete copies of each such lease, offer to lease, contract, agreement or arrangement have been delivered to the Purchaser and no such lease, offer to lease, contract, agreement or arrangement has been amended or altered in any way, including by any course of conduct, and each remains in full force and effect. None the Company, any of the tenants, subtenants or other relevant parties under any such lease, offer to lease, contract, agreement or arrangement is in default or breach of any term or provision thereunder;
- (d) except as set forth in Schedule 3.1(A)(d), neither the Company, Evan Holdco or the Vendor has received any notification of or has any knowledge of, any outstanding or incomplete work orders, deficiency notices or other current non-compliance with Applicable Laws relating to the Property or any investigations or potential investigations by any Person. No repairs or maintenance are currently required to be completed in respect of the Property that would be on account of capital in accordance with GAAP and no such capital improvements are planned or reasonably anticipated at this time. Full details of each of the outstanding or incomplete work orders, deficiency notices or other current non-compliance with Applicable Laws is disclosed in Schedule 3.1(A)(d). All complete building permits will be closed prior to Closing;
- (e) neither the Company, Evan Holdco or the Vendor has any knowledge of any expropriation or condemnation or other Legal Proceeding pending or Threatened against the Property or any part of the Property;
- (f) in respect of the Property, all accounts for work and services performed or materials placed or furnished upon or in respect of the construction and completion of any improvements have been fully paid and no one is entitled to claim a lien under the *Construction Lien Act* (Ontario) or other similar legislation for such work performed by or on behalf of the Company;
- (g) in respect of the Property, all Permitted Encumbrances which are easements, agreements, rights-of-way, restrictive covenants or restrictions are in good standing and the Company has performed in all respects all obligations required to be performed by it thereunder and there is no breach or default in any respect thereunder nor has any event occurred nor does any circumstance exist that (with or without notice or lapse of time), would constitute such a breach or default;
- (h) spousal consent is not necessary to this transaction under the provisions of the *Family Law Act* (Ontario);

- (i) with respect to environmental matters: (a) there is no actual, pending or Threatened Environmental Claim against the Company, the Vendor, Eric Holdco, or any director or officer of the Company in respect of the Property and neither the Vendor or Eric Holdco has any knowledge of any basis upon which any such Claim could be commenced with any reasonable likelihood of success against the Company or any director or officer; (b) the Company has delivered or made available to the Purchaser, true and complete copies of all soils and environmental reports in respect of the Property in its possession or control, and (c) all written communications between the Company, the Vendor and any Person, if any, relating to the matters set forth in this subsection (i) have been delivered to the Purchaser and if received following the date hereof, will be forthwith delivered to the Purchaser;
- (j) the current uses and future intended use of the Property are permitted under current zoning and land use regulations and Applicable Laws;
- (k) no part of the Property is subject to any building or use restriction that restricts or would restrict or prevent the use and operation of the Property for the Business by the Purchaser or as contemplated to be used by the Purchaser for the development;
- (l) no Improvements encroach on property not forming part of the Property and no buildings, structures or other improvements on adjoining lands encroach upon the Property;
- (m) there are no matters affecting the right, title and interest of the Company in and to the Property which, in the aggregate, would materially and adversely affect the ability of the Purchaser as of the Closing Date, to carry on the Business upon the Property as it has been carried on in the ordinary course by the Company or as contemplated for the development;
- (n) attached at Schedule 3.1(A)(n) is current and up to date survey of the Property;
- (o) the buildings on the Property contain no urea formaldehyde foam insulation;
- (p) the Encroachment Agreement registered on title as Instrument No. CA65043 does not affect the proposed development of the Property and is only applicable to the door swinging outwards of the current building extending on to city owned lands;
- (q) it has provided full, true and complete copies of all documents and information respecting the 650 Bay Mortgages and such documents and information (i) represent the entire agreement respecting the 650 Bay Mortgages, (ii) have not been altered or amended, whether in writing, by course of conduct or otherwise, (iii) are in full force and effect and there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such documents, (iv) no party to any of the documents respecting any 650 Bay Mortgage is in default thereunder or has failed to perform any covenant or obligation thereunder, (v) no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute a default by any party to any of documents respecting the 650 Bay Mortgages and (vi) the information respecting the 650 Bay Mortgages set forth in Schedule 1.1(a) is

true, accurate and complete;

- (r) each representation and warranty and covenant relating to the Property or the registered owner of the Property made in any agreement or document entered into or furnished to a lender to the Purchaser or any Affiliate of the Purchaser in connection with an Encumbrance to be placed on the Property is true, complete and accurate and each such representation and warranty and covenant is incorporated into this Agreement and deemed to be given by the Company and the Vendor to the Purchaser pursuant to this Agreement, mutatis mutandis, together with any provisions of such loan or document necessary to interpret any such representation or warranty or covenant. Each representation and warranty or covenant made herein and in any such other agreement or document shall be read independent and as stand-alone and independent representations and warranties and covenants; and
- (s) the Property has not been designated as a property of cultural heritage value or interest pursuant to the *Heritage Act* (Ontario) by any Governmental Authority or otherwise subject to any Encumbrance pursuant to such legislation or other Applicable Law, and no such action has been Threatened and the Vendor has not received written notice or had any other communication respecting any such potential designation or Encumbrance affecting the Property.

Part (B) - Representations and Warranties of the Vendor Relating to the Company

The Vendor and Evan Holdco, jointly and severally, hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement:

- (a) *Organization of the Company.* The information set out in Schedule 3.1(B)(a) concerning the name and jurisdiction of incorporation, the authorized, issued and outstanding shares in the capital of the Company and the directors and officers of the Company is true and complete. The Company is a corporation duly created, validly existing and in good standing under the laws of the Province of Ontario. All of the issued and outstanding shares in the capital of the Company have been duly authorized, are validly issued as fully paid and non-assessable shares, were not issued in violation of any pre-emptive rights or in violation of contractual restrictions. There are no shareholders' agreements governing the affairs of the Company or the relationship, rights and duties of its shareholders, nor are there any voting trusts, pooling arrangements or other similar agreements with respect to the ownership or voting of any shares of the Company. There are no rights, subscriptions, warrants, options, conversion rights, calls, commitments or plans or agreements of any kind outstanding which would enable any Person to purchase or otherwise acquire any shares or other securities of the Company including, without limitation, any securities convertible into or exchangeable or exercisable for shares or other securities of the Company. The Company does not have a direct or indirect equity interest in any other Person.
- (b) *Power and Capacity of the Company and Enforceability.* The Company has the power, authority and capacity to execute and deliver this Agreement and to execute and deliver all agreements and instruments to be executed by it as contemplated herein and to perform its

other obligations hereunder and under all such other agreements and instruments. The execution and delivery of this Agreement and all agreements and instruments to be executed and delivered by it pursuant to this Agreement, and the consummation of the transactions contemplated by this Agreement and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Company. This Agreement constitutes, and each other agreement to be executed and delivered by the Company in connection with the Closing will constitute, when executed and delivered by all parties, a valid and binding obligation of the Company enforceable against it in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought.

- (c) *Qualification to do Business.* Neither the nature of the Company's business nor the location or character of the assets owned or leased by the Company requires it to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in the Province of Ontario where it is duly registered, licensed or otherwise qualified for such purpose.
- (d) *Subsidiaries.* The Company does not own or have any interest in any securities or have an ownership interest in any other Person.
- (e) *Corporate Records.* The minute books of the Company have been maintained in accordance with Applicable Law and contain true, correct and complete copies of its articles, its by-laws, the minutes of every meeting of its board of directors and of its shareholders and every written resolution of its directors and shareholders. All meetings of directors and shareholders of the Company have been duly called and held and all resolutions have been duly passed in accordance with Applicable Law at such meetings or by written resolution. The share certificate book, register of shareholders, register of transfers and register of directors and officers of the Company are complete and accurate in all respects.
- (f) *Bankruptcy and Insolvency.* The Company is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and will become an insolvent person as a consequence of the Closing. The Company made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof or had any petition for a receiving order presented in respect of it. The Company has not initiated, or become subject to, any Legal Proceeding, with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver has been appointed in respect of the Company or any of its Assets and no execution or distress has been levied upon any of its Assets and no Legal Proceeding with respect thereto has been Threatened. No act or proceeding has been taken or authorized by or against the Company with respect to any amalgamation, merger, consolidation, arrangement or reorganization of, or relating to, the Company nor have any such proceedings been authorized by any other Person.
- (g) *Financial Statements.* The Financial Statements have been prepared in accordance with GAAP consistently applied throughout the periods to which they relate, subject, in the case of the Interim Financial Statements, to usual year-end adjustments and the exclusion of

footnotes. The balance sheets contained in the Financial Statements fairly present the financial position of the Company as of their respective dates and the statements of earnings and retained earnings contained in the Financial Statements fairly present the revenues, earnings and results of operations for the periods indicated. The Financial Statements are accurate and complete and are based upon and are consistent with the Books and Records. True and complete copies of the Financial Statements are attached as Schedule 3.1(B)(g) hereto.

- (h) *Books and Records.* The Vendors have made available to the Purchaser all Books and Records. All material financial transactions of the Company have been accurately recorded in the Financial Records in accordance with all Applicable Law and the Financial Records accurately reflect the basis for the financial condition and the revenues, expenses and results of operations of the Company as of and to the date hereof and as of the Closing Date. All Books and Records are in the full possession and exclusive control of, and are owned exclusively by, the Company and are not dependent upon any computerized or other system, program or device that is not exclusively owned and controlled by the Company.
- (i) *Title to and Sufficiency of Assets.* The Company has good and marketable legal and beneficial title to all of its Assets, free and clear of any and all Encumbrances, except for Permitted Encumbrances. The Assets owned and leased by the Company constitute all of the Assets used or held for use in connection with the Business and are sufficient to permit the continued operation of the Business and development of the Property following Closing as contemplated by the Limited Partnership Agreement. The Assets of the Company are in good operating condition and repair and fit for the intended purposes thereof. Schedule 3.1(B)(i) sets out a complete and accurate list of all Assets and locations where the Assets are situate, including a brief description of the Assets. There is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Company of the Business or of any of its Assets.
- (j) *Laws.* The Company has complied at all times with all Applicable Laws, including all Privacy Laws in connection with the Company's collection, use and disclosure of Personal Information; and all Personal Information has been collected, used and disclosed with the consent of each individual to whom such Personal Information relates and has been used only for the purposes for which it was initially collected.
- (k) *Personal Property.* Schedule 3.1(B)(k) sets out a list of Personal Property owned or leased by the Company. No Personal Property is in the possession of a third party or is on consignment. There is no item of Personal Property which is material to the Business which is not in good operating condition and repair, ordinary wear and tear excepted and each item is suitable and adequate for the purpose for which it is being used.
- (l) *Contracts.* Schedule 3.1(B)(l) lists and fully identifies all Contracts. The Company has delivered true and complete copies of all such Contracts. Neither the Company or any Affiliate is party to any Contract with any current or former director, officer, employee or shareholder of the Company or any Affiliate or any person is not arm's length to any such Persons. The Company is not, and no other party to any Contract is, in default under any Contract and there has not occurred any event which, with the lapse of time or giving of notice or both, would constitute a default under any Contract by the Company or any other

party to the Contract. Each Contract is in full force and effect, unamended by written or oral agreement, and the Company is entitled to the full benefit and advantage of each Contract in accordance with its terms. The Company has not received any notice of a default by the Company under any Contract or of a dispute between the Company and any other Person in respect of any Contract. Except as disclosed in Schedule 3.1(B)(l), no Consent is required nor is any notice required to be given under any Contract by any party thereto or any other Person in connection with the completion of the transactions contemplated by this Agreement in order to maintain all rights of the Company under such Contract. The completion of the transactions contemplated by this Agreement will not afford any party to any Contract or any other Person the right to terminate any Contract nor will the completion of such transactions result in any additional or more onerous obligation on the Company under any Contract.

(m) *Receivables.* All Receivables are recorded in the Financial Records and the Receivables are valid obligations which arose in the ordinary course of business and are collectible in the ordinary course of business, in the aggregate, at their full face value and are not subject to any set-off or counterclaim. None of the Receivables is due from an Affiliate of the Company or from any non-arm's length Person to the Company or an Affiliate.

(n) *Intellectual Property*

Except for the Plans and Studies, the Company has no Intellectual Property and uses no Intellectual Property in its Business. The Company is the first and only owner of the Intellectual Property and is entitled to the exclusive and uninterrupted use of the Intellectual Property without condition, restriction or payment of any royalty or other fees. No Person has any right, title or interest in any of the Intellectual Property and any and all such Persons who might be entitled to any moral right, or similar right under the law of any jurisdiction, in the Intellectual Property, have waived their moral rights in any copyright works within the Intellectual Property. No Person has commenced any Legal Proceeding, or Threatened any Legal Proceeding respecting any such Intellectual Property and the Company is not a party to any settlement agreement or stipulation or is subject to any outstanding decree, order, or judgement, that restricts in any manner the use, other exploitation, transfer or licensing of the Intellectual Property. Neither the use of the Intellectual Property nor the conduct of the Business has infringed or currently infringes upon the Intellectual Property rights of any other Person. The Company has not received any notice of infringement nor does the Vendor, Evan Holdco or the Company have knowledge of any facts that could reasonably be expected to form the basis of Legal Proceedings which could constitute a *bona fide* claim for infringement as such.

(o) *Licences and Regulatory Approvals.* Schedule 3.1(B)(o) lists all the Licences and Regulatory Approvals and identifies those that by their terms are not transferable. The Licences are the only licences, permits, approvals or evidences of authority of any Governmental Authority required for the operation of the Business and are held by the Company free and clear of any and all Encumbrances. The Company is conducting and has conducted the Business in accordance with all terms and conditions of the Licences and in compliance with Applicable Law. All the Licences are valid and are in full force and effect, the Company is not and has not been in violation of any term or provision or requirement of any Licence, and no Person has Threatened to revoke, amend or impose any condition in

respect of, or commenced proceedings to revoke, amend or impose conditions in respect of, any Licence. No Regulatory Approval is required in connection with the transactions contemplated by this Agreement. No Regulatory Approval or filing with, notice to, or waiver from any Governmental Authority is required to be obtained or made by the Vendor or Evan Holdco or the Company: (a) in connection with the execution and delivery of, and performance by the Vendor, the Company or Evan Holdco of their respective obligations under, this Agreement, any agreement entered into in connection with this Agreement or the consummation of the transactions contemplated hereby or thereby; (b) to avoid the loss of any Licence; or (c) to permit the Company to carry on the Business after the Closing as the Business is currently carried on and as contemplated to be carried on by the Limited Partnership Agreement.

- (p) *Undisclosed Liabilities.* The Company does not have any liabilities or obligations of any nature (whether known or unknown, liquidated or unliquidated, due or to become due and whether absolute, accrued, contingent or otherwise) except for liabilities and obligations disclosed or provided for in the Estimated Closing Statement and the Permitted Encumbrances. As of the Closing Time, the Company has no Debt, other than Permitted Encumbrances. Without limiting the foregoing, the Company is not a party to or bound by any agreement, Contract or commitment providing for the guarantee, indemnification, assumption or endorsement with respect to the obligations, liabilities (contingent or otherwise) or indebtedness of any other Person.
- (q) *Banking Information.* Schedule 3.1(B)(q) sets forth the name and location (including municipal address) of each bank, trust company or other institution in which the Company has an account, money on deposit or a safety deposit box and the name of each Person authorized to draw thereon or to have access thereto and the name of each Person holding a power of attorney from the Company and a summary of the terms thereof.
- (r) *Regulatory Approvals.* No Regulatory Approval or filing with, notice to, or waiver from any Governmental Authority is required to be obtained or made by the Vendor or the Company: (a) in connection with the execution and delivery of, and performance by the Vendor of its obligations under, this Agreement or the consummation of the transactions contemplated hereby; (b) to avoid the loss of any Licence; or (c) to permit the Company to carry on the Business after the Closing as the Business is currently carried on by the Company as contemplated to be carried by the Company following the Closing as described in the Limited Partnership Agreement.
- (s) *Absence of Conflicting Agreements.* The execution, delivery and performance of this Agreement and all other agreements and instruments contemplated herein by the Vendor, Evan Holdco and the Company, as applicable, and the completion (with any required Consents and Regulatory Approvals and the giving of any required notices) of the transactions contemplated by this Agreement do not and will not result in or constitute any of the following directly or indirectly:
 - (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of the constating documents of the Company or Evan Holdco, respectively, or of any Contract or Regulatory Approval;

- (ii) an event which, pursuant to the terms of any Contract or Regulatory Approval, would cause any right or interest of the Company to come to an end or be amended in any way or that would entitle any other Person to terminate or amend any such right or interest or relieve any other Person of its obligations thereunder;
 - (iii) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any of the terms, conditions or provisions of any payment or other Liability (whether absolute, accrued, conditional or otherwise) of the Company, the Vendor or Evan Holdco in favour of any Person pursuant to any Contract or otherwise;
 - (iv) the creation or imposition of any Encumbrance on any of the Purchased Shares or any Asset of the Company; or
 - (v) the violation of any Applicable Law.
- (t) *Legal Proceedings.* There is no Legal Proceeding in progress, pending or Threatened against or affecting the Company or any of its property or Assets or title thereto, and there is no any factual or legal basis on which any such Legal Proceeding might be commenced. There is no Order outstanding against or affecting the Company or any of its Assets.
- (u) *Environmental Matters.* The Company and the Vendor has carried on all operations, including in respect of its holding of the Property, in compliance with all applicable Environmental Laws. Neither Company or the Vendor has used or permitted to be used, except in compliance with all Environmental Laws, any of its properties (including the Property) or any property or facility which it previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Material and neither the Company or the Vendor has caused or permitted, and has there been not been any Release in any manner whatsoever of any Hazardous Material on, in, around, from or in connection with any such properties (including the Property) or may reasonably be alleged to have Liability. All Hazardous Materials and all other wastes and other materials and substances used in whole or in part by the Company or at the Property have been disposed of, treated and stored in compliance with all Environmental Laws. Neither the Company, any director or officer or the Vendor has ever received any notice of, nor been prosecuted for, non-compliance with any Environmental Laws, and no such Person has settled any allegation of non-compliance prior to prosecution. There are no notices, Orders or directions relating to environmental matters requiring, or notifying the Vendor, the Company or any director or officer that it is or may be responsible for, any containment, clean-up, remediation or corrective action, or any work, repairs, construction or capital expenditures to be made under Environmental Laws with respect to any interest in real property held by the Company at any time.
- (v) *Employment Matters*
- (i) The Company has no Employee Plans and has never had any Employee Plans.
 - (ii) As of the Closing Date, the Company has no Employees or contractors providing services to the Company.

- (iii) Schedule 3.1(B)(v) lists all the Employees and contractors providing services to the Company as of the date of this Agreement and the position, status, length of service, age, compensation and benefits of each Employee. No Employee is on short-term or long-term disability leave, receiving benefits pursuant to applicable workers compensation legislation or otherwise an inactive employee.
- (iv) The Company is not a party to or bound by any Contract in respect of any Employee or contractor except for oral Contracts of indefinite hire that are terminable upon statutory and/or common law notice, as applicable in the relevant jurisdiction, and as of the Closing, the employment of all Employees and services of all contractors has been terminated and all amounts payable to such Employees and contractors whatsoever, under Applicable Law or otherwise has been paid by the Company and the Company has no further Liability to any such Persons whatsoever.
- (v) The Company is not party to or bound by, either directly or by operation of Applicable Law, any collective bargaining agreement, labour contract, letter of understanding, letter of intent, voluntary recognition agreement or legally binding commitment or written communication to any labour union, trade union or employee organization or group which may qualify as a trade union in respect of or affecting Employee or contractors nor is the Company subject to any union organization effort. The Company is not engaged in any labour negotiation. The Company has not engaged in any unfair labour practice and there is no pending or Threatened complaint regarding any alleged unfair labour practice relating to Employees or former Employees or contractors.
- (vi) All of the contractors and other Persons who are receiving remuneration for work or services provided to the Company who are not Employees are treated as independent contractors, are properly characterized as independent contractors and are not likely to be characterized by any Governmental Authority as employees.
- (vii) The Company is in compliance with all Applicable Laws respecting employment, employment practices and standards, terms and conditions of employment, wages and hours, occupational health and safety, human rights, accessibility, labour relations, employment equity, pay equity and workers' compensation. There are no current Legal Proceedings in progress, pending or Threatened under such employment-related Laws against the Company.
- (viii) All current assessments under applicable workers compensation legislation that relate to the Company have been paid or accrued, and the Company has not been subject to any specialty or penalty assessment under such legislation which has not been paid.
- (ix) There are no outstanding Orders made under applicable occupational health and safety laws relating to any Vendor or the Business. The Vendors are operating in compliance with all occupational health and safety laws in all material respects. There are no pending or to the knowledge of the Vendor Threatened charges against any Vendor under occupational health and safety laws. There have been no fatal or critical accidents which have occurred in the course of the operation of the Business

which might lead to charges under applicable occupational health and safety laws. There are no materials present in the Business, exposure to which may reasonably be expected to result in an occupational disease as defined in applicable occupational health and safety legislation. The Vendors have complied in all respects with any Orders issued under occupational health and safety laws

- (x) The Company is not a compulsory scheduled employer under the *Workplace Safety and Insurance Act* in the Province of Ontario, or under any similar legislation in any other jurisdiction in which the Company operates. The Company is not required and does not participate in the workers compensation regime in the Province of Ontario or in any other jurisdiction in which the Company operates.][NTD: If this is applicable delete in applicable reps.
- (xi) The Company has withheld from each payment made to any Person, including its present and past Employees and contractors and all Persons who are or are deemed to be non-residents of Canada for purposes of the Income Tax Act, all amounts required by Applicable Law to be withheld, and have remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Company has remitted all Canada Pension Plan contributions, provincial pension plan contributions, employment insurance premiums, employer health taxes and other Taxes payable by it in respect of the Employees to the proper Governmental Authority within the time required under Applicable Law. There are no Legal Proceedings in process, pending Threatened against the Company in respect of any Taxes, and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes.
- (w) *Transactions with Affiliates.* The Company is not liable in respect of advances, loans, guarantees, liabilities or other obligations to or on behalf of any shareholder, officer, director, Employee or Affiliate of the Company or any other Person with whom the Company does not deal at arm's length. There are no intercompany services provided to the Company by Vendor or by any Affiliate of the Vendor. The Company has never been party to any Contracts with any non-arm's length Person.
- (x) *Insurance*

Schedule 3.1(B)(x) contains a copy of all insurance policies currently maintained by the Company. Each of such insurance policies is valid and subsisting and in good standing, there is no default thereunder and the Company is entitled to all rights and benefits thereunder. Schedule 3.1(B)(x) sets forth and describes all pending claims under any of such insurance policies and identifies the most recent inspection reports, if any, received from insurance underwriters as to the condition or insurance value of the insured property and assets, copies of which have been made available to the Purchaser. The Company has not failed to give any notice or present any claim under any of such insurance policies in due and timely fashion. There are no circumstances which might entitle the Company to make a claim under any of such insurance policies or which might be required under any of such insurance policies to be notified to the insurers and no claim under any of such insurance policies has ever been made by the Company.

None of such insurance policies is subject to any special or unusual terms or restrictions or provides for a premium in excess of the stipulated or normal rate. No notice of cancellation or non-renewal with respect to, nor disallowance of any claim under, any of such insurance policies has been received by the Company. There are no circumstances or occurrences which would or might form the basis of a material increase in premiums for the current insurance coverage maintained by the Company.

(y) *Tax Matters:*

- (i) *Tax Filings.* The Company has prepared and filed when due with each relevant Governmental Authority all Tax Returns required to be filed by or on behalf of the Company in respect of any Taxes for all fiscal periods ending prior to the date hereof. All such Tax Returns are correct and complete in all material respects, and no material fact has been omitted therefrom. No extension of time in which to file any such Tax Returns is in effect.
- (ii) *Taxes Paid.* The Company has paid in full and when due all Taxes required to be paid on or prior to the date hereof. All Taxes shown on all Tax Returns or on any assessments or reassessments in respect of any such Tax Returns have been paid in full when due or will be paid in full if due between the date hereof and the Closing Date. The provision for Taxes in the Interim Financial Statements will constitute an adequate provision for the payment of all Taxes in respect of all periods ending on or before the Closing Date.
- (iii) *Reassessments of Taxes.* No reassessments of the Company's Taxes have been issued and are outstanding and there are no outstanding issues which have been raised and communicated to the Company by any Governmental Authority for any fiscal period in respect of which a Tax Return of the Company has been filed. No Governmental Authority has challenged or disputed a filing position taken by the Company in any Tax Return. There are no contingent liabilities for Taxes or any grounds for an assessment or reassessment of the Company, including unreported benefits conferred on any shareholder of the Company, aggressive treatment of income, expenses, credits or other claims for deduction under any Tax Return. There is no indication from any Governmental Authority that an assessment or reassessment of the Company is proposed in respect of any Taxes, regardless of its merits. The Company has not executed or filed with any Governmental Authority any agreement or waiver extending the period for assessment, reassessment or collection of any Taxes.
- (iv) *Withholdings and Remittances.* The Company has withheld from each payment made to any Person all amounts required by Applicable Law to be withheld, and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Company has charged, collected and remitted on a timely basis all Taxes as required under Applicable Law on any sale, supply or delivery whatsoever, made by the Company.
- (v) *Books and Records.* The Company has maintained and continues to maintain at its place of business in Canada all books and records required to be maintained under

the *Income Tax Act*, the *Excise Tax Act* (Canada) and any other Applicable Law relating to Taxes.

- (vi) *Future Income Inclusion.* The Company will not be required to include in a taxable period ending after the Closing Date any amount of net taxable income (after taking into account deductions claimed for such a period that relate to a prior period) attributable to income that accrued in a prior taxable period but that was not included in taxable income for that or another prior taxable period.
- (z) *No Material Adverse Change.* Since the date of the balance sheet in the most recent Annual Financial Statements, there has been no Material Adverse Change and no event has occurred nor do any circumstances exist which could result in a Material Adverse Change.
- (aa) *Absence of Certain Changes or Events.* Except as disclosed in Schedule 3.1(B)(aa), since the date of the balance sheet in the most recent Annual Financial Statements, the Company has carried on the Business in the ordinary course, and, in particular, but without limitation, has not:
 - (i) amended its articles or by-laws or adopted any new articles or by-laws;
 - (ii) directly or indirectly, declared, set aside for payment or paid any dividend or made any other payment or distribution on or in respect of any of the shares in its capital;
 - (iii) redeemed, purchased, retired or otherwise acquired, directly or indirectly, any of the shares in its capital;
 - (iv) issued or sold any shares or other securities or issued, sold or granted any option, warrant or right to purchase any of its shares or other securities or issued any security convertible into its shares, granted any registration rights or otherwise made any change to its authorized or issued share capital;
 - (v) disposed of or revalued any of the Assets reflected on the balance sheet forming part of the most recent Annual Financial Statements;
 - (vi) made any change in its accounting principles, policies, practices or methods;
 - (vii) cancelled or waived any debt, claim or other right;
 - (viii) incurred or assumed any Debt, liabilities or obligations of any nature, whether absolute, accrued, contingent or otherwise;
 - (ix) mortgaged, pledged, granted a security interest in or otherwise created a Encumbrance on any, or amended any of the terms of any Encumbrance on any, of its Assets;
 - (x) entered into any Contract;
 - (xi) revalued or disposed of any of the Assets;

- (xii) terminated, cancelled, modified or amended in any material respect or received notice or a request for termination, cancellation, modification or amendment of any Contract or taken or failed to take any action that would entitle any party to a Contract to terminate, modify, cancel or amend any Contract;
 - (xiii) cancelled or waived any Debt, claim or other right with a value to the Company in excess of \$2,000;
 - (xiv) given or agreed to give or become a party to or bound by any guarantee, surety or indemnity in respect of indebtedness or other obligations or liabilities of any other Person or become a party to any other commitment by which the Company is, or is contingently, responsible for such indebtedness or other Liability;
 - (xv) purchased or otherwise acquired any interest in any securities of any other Person;
 - (xvi) made any capital expenditure or authorized any capital expenditure or made any commitment for the purchase, construction or improvement of any capital assets;
 - (xvii) entered into any Contract or commitment to hire, or terminated the services of, any employee, contractor or other Person; or
 - (xviii) agreed, committed or entered into any understanding to take any actions enumerated in paragraphs (i) to (xvii) of this Section 3.1(z).
- (bb) *Debt.* Except as set forth in Schedule 3.1(B)(bb), the Company has no Debts or other liabilities or obligations of any kind (whether accrued, absolute, contingent or otherwise), which continue to be outstanding. The Vendor has provided full, true and complete copies of all documents and information respecting the Company and all Debt, including the 650 Bay Mortgages, and that such documents and information (i) represent the entire agreement respecting such Debt, (ii) have not been altered or amended, whether in writing, by course of conduct or otherwise (iii) are in full force and effect and there are no current or pending negotiations with respect to the renewal, repudiation or amendment of any such agreements or documents, (iv) no party to any of the agreements or documents respecting any Debt is in default thereunder or has failed to perform any covenant or obligation thereunder, and (v) no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute a default by any party to any of documents or agreements respecting the Debt. The Vendor will deliver consents to the change of control of 222 in connection with the completion of the Evan Transfer or payout letters from each lender. In the event the lenders do not consent to the change of control, the Partnership will work with KarrasCo to effect a refinancing of the 650 Bay Debt prior to Closing to be effective on Closing. .
- (cc) *Ethical Practices.* No Person has, directly or indirectly, made or received any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to or from any Person, private or public, regardless of form, whether in money, property or services (i) to obtain favourable treatment in securing business, (ii) to pay for favourable treatment in business secured, or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Company; save and except for small seasonal gifts (such as gift baskets, chocolates) to suppliers or customers and give-aways at trade shows.

PART (C) - REPRESENTATIONS AND WARRANTIES OF THE VENDOR RELATING TO THE VENDOR AND THE PURCHASED SHARES

The Vendor hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement.

- (a) *Power and Capacity.* The Vendor has the power and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by him as contemplated herein and to perform his other obligations hereunder and under all such other agreements and instruments.
- (b) *Enforceability of Obligations.* This Agreement and each other agreement to be executed and delivered by the Vendor pursuant to the terms of this Agreement, when executed and delivered by all parties, is a valid and legally binding obligation of the Vendor enforceable against the Vendor in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought.
- (c) *Solvency.* The Vendor is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and will not become an insolvent person as a consequence of the Closing. The Vendor has not made an assignment in favour of his creditors or a proposal in bankruptcy to his creditors or any class thereof or had any petition for a receiving order presented in respect of him. The Vendor has not initiated, or become subject to, any Legal Proceeding with respect to a compromise or arrangement with his creditors and none have been Threatened. There are no grounds on which any Legal Proceeding might be commenced and there is no Order outstanding against or affecting the Vendor which, in any such case, affects adversely or might affect adversely the ability of the Vendor to enter into this Agreement or any other agreement to be entered into in connection with this Agreement or to perform his obligations hereunder or thereunder. No receiver has been appointed in respect of the Vendor or any of his property or assets and no execution or distress has been levied upon any of his property or assets no Legal Proceeding with respect thereto has been Threatened.
- (d) *Absence of Conflicting Agreements.* The execution, delivery and performance of this Agreement by the Vendor and the completion of the transactions contemplated by this Agreement do not and will not result in or constitute any of the following:
 - (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any pending or executory Contract, to which the Vendor is a party;
 - (ii) an event which, pursuant to the terms of any pending or executory Contract, to which the Vendor is a party, would cause any right or interest of the Vendor or the Company to come to an end or be amended in any way or entitle any other Person to

terminate or amend any such right or interest or relieve any other Person of its obligations thereunder;

- (iii) the creation or imposition of any Encumbrance on any Asset of the Company or on the Purchased Shares of the Vendor; or
 - (iv) the violation of any Applicable Law.
- (e) *Residence of Vendor.* The Vendor is not a non-resident of Canada for purposes of section 116 of the *Income Tax Act*.
- (f) *Ownership of Purchased Shares.* The Vendor is the registered and beneficial holder of the Purchased Shares with good and marketable title thereto, free and clear of all Encumbrances whatsoever. No Person other than the Purchaser has, or has any right capable of becoming, any agreement, option, right or privilege for the purchase or other acquisition from the Vendor the Purchased Shares. There are no restrictions of any kind on the transfer of any of the Purchased Shares except those set out in the articles of incorporation of the Company, the consent to such transfer which as been obtained by the Company.
- (g) *Consents and Approvals.* No approval, Regulatory Approval, Order, consent of or filing with any Governmental Authority is required on the part of the Vendor in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement or the performance of by Vendor under this Agreement or any other documents and agreements to be delivered under this Agreement, including the Vendor Pledge Agreement.
- (h) *No Broker.* Other than as set out herein, the Vendor has carried on all negotiations relating to this Agreement and the transactions contemplated in this Agreement directly and without intervention on its behalf of any other Person in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser or the Company.
- (i) *Tax Advice.* The Vendor has obtained or been afforded the opportunity to independent legal and financial tax advice as to the tax consequences of the transactions contemplated by this Agreement.
- (j) *Independent Legal Advice.* The Vendor has obtained or been afforded the opportunity to obtain independent legal advice with respect to the transactions contemplated by this Agreement.

PART (D) - REPRESENTATIONS AND WARRANTIES OF EVAN HOLDCO AND THE VENDOR

Evan Holdco and the Vendor, jointly and severally, hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement.

- (a) *Power and Capacity.* Evan Holdco has the power and capacity to execute and deliver this Agreement and all other agreements and instruments to be executed by it as contemplated herein and to perform its obligations hereunder and under all such other agreements and instruments. The execution and delivery of this Agreement and the other agreements and documents to be executed and delivered by Evan Holdco pursuant to this Agreement have been approved by all required corporate action on the part of Evan Holdco and have been ratified and confirmed by all of the shareholders of Evan Holdco, including the Pledge Agreement.
- (b) *Enforceability.* This Agreement and each other agreement to be executed and delivered by Evan Holdco pursuant to the terms of this Agreement, when executed and delivered by all parties, is a valid and legally binding obligation of Evan Holdco enforceable against Evan Holdco in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought.
- (c) *Qualification to do Business.* Evan Holdco's business or the location or character of the assets owned or leased by Evan Holdco requires it to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in the Province of Ontario where it is duly registered, licensed or otherwise qualified for such purpose.
- (d) *Solvency.* Evan Holdco is an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and it will not become an insolvent person as a consequence of the Closing. Evan Holdco has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof or had any petition for a receiving order presented in respect of it. Evan Holdco has not initiated, or become subject to, any Legal Proceeding with respect to a compromise or arrangement with its creditors and none have been Threatened. There are no grounds on which any Legal Proceeding might be commenced and there is no Order outstanding against or affecting Evan Holdco which, in any such case, affects adversely or might affect adversely the ability of Evan Holdco to enter into this Agreement or any other agreement to be entered into in connection with this Agreement or to perform its obligations hereunder or thereunder. No receiver has been appointed in respect of Evan Holdco or any of its property or assets and no execution or distress has been levied upon any of its property or assets and no Legal Proceeding with respect thereto has been Threatened. No act or proceeding has been taken or authorized by or against Evan Holdco with respect to any amalgamation, merger, consolidation,

arrangement or reorganization of, or relating to, it nor have any such proceedings been authorized by any other Person.

- (e) *Absence of Conflicting Agreements.* The execution, delivery and performance of this Agreement by Evan Holdco and the completion of the transactions contemplated by this Agreement do not and will not result in or constitute any of the following:
 - (i) a default, breach or violation or an event that, with notice or lapse of time or both, would be a default, breach or violation of any pending or executory Contract, to which Evan Holdco is a party;
 - (ii) an event which, pursuant to the terms of any pending or executory Contract to which Evan Holdco is a party, would cause any right or interest of the Vendor, Evan Holdco or the Company to come to an end or be amended in any way or entitle any other Person to terminate or amend any such right or interest or relieve any other Person of its obligations thereunder;
 - (iii) the creation or imposition of any Encumbrance on any Asset of the Company or on the Purchased Shares; or
 - (iv) the violation of any Applicable Law.
- (f) *Residence of Vendor.* Evan Holdco is not a non-resident of Canada for purposes of section 116 of the *Income Tax Act*.
- (g) *Consents and Approvals.* No approval, Regulatory Approval, Order, consent or filing with any Governmental Authority or other Person is required on the part of the Vendor or Evan Holdco in connection with the execution, delivery and performance of this Agreement or any other documents and agreements to be delivered under this Agreement or the performance of Evan Holdco under this Agreement or any other documents and agreements to be delivered under this Agreement, including the Holdco Pledge Agreement.
- (h) *Tax Advice.* Evan Holdco has obtained or been afforded the opportunity to independent legal and financial tax advice as to the tax consequences of the transactions contemplated by this Agreement.
- (i) *Independent Legal Advice.* Evan Holdco has obtained or been afforded the opportunity to obtain independent legal advice with respect to the transactions contemplated by this Agreement.

PART (D) - GENERAL REPRESENTATION AND WARRANTY OF THE VENDOR

The Vendor and Evan Holdco, jointly and severally, hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Purchaser is relying on the accuracy of such representations and warranties in entering into this Agreement.

- (a) *Full Disclosure.* None of the foregoing representations and warranties set out in this Section 3.1 and no document furnished by or on behalf of the Company, the Vendor or Evan Holdco

to the Purchaser or its representatives in connection with the transactions contemplated by this Agreement contains any untrue statement of a material fact or omits to state any material fact necessary to make any such statement or representation not misleading to a prospective purchaser of the Purchased Shares seeking full information as to the Company, its Assets, the Business, the Vendor, Evan Holdco, the Purchased Shares and the Pledge Agreement. There are no facts not disclosed in this Agreement which, if learned by a prospective purchaser, might reasonably be expected to materially diminish a prospective purchaser's evaluation of the value of the Purchased Shares or the security interest of Evan Holdco or which might reasonably be expected to deter a prospective purchaser from completing the transactions contemplated by this Agreement on the terms of this Agreement.

3.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Vendor, as of the date hereof and as of the Closing Date, as follows, and acknowledges that the Vendor is relying on the accuracy of such representations and warranties in entering into this Agreement:

- (a) the Purchaser is a corporation created, validly existing and in good standing under the laws of the Province of Ontario and has all requisite power and authority to enter into this Agreement and perform its obligations hereunder;
- (b) the execution and delivery of this Agreement has been duly and validly authorized by all necessary action on the part of the Purchaser;
- (c) the execution and delivery of this Agreement and the other agreements and documents to be executed and delivered by the Purchaser pursuant to this Agreement has been duly and validly authorized by all necessary action on the part of the Purchaser. This Agreement, when executed and delivered by all parties, is a valid and legally binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, subject to the limitations with respect to enforcement imposed by Applicable Laws in connection with bankruptcy, insolvency, liquidation, reorganization or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies such as specific performance and injunction which are only available in the discretion of the court from which they are sought;
- (d) the Purchaser: (i) is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada); (ii) has not made either an assignment in favour of its creditors or a proposal in bankruptcy to its creditors (or any class thereof); (iii) has not had any petition for a receiving order presented in respect of it; or (iv) has not initiated any proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution; and no receiver has been appointed in respect of the Purchaser or any of its respective assets and no act or proceeding has been taken or authorized by or against the Purchaser with respect to any amalgamation, merger, consolidation, arrangement or reorganization.

3.3 Survival of Representations

No investigations made by or on behalf of the Purchaser at any time shall have the effect of waiving, diminishing the scope or otherwise affecting any representation or warranty made by the Company, the Vendor and/or Evan Holdco in or pursuant to this Agreement or any other agreement or document entered into in connection with this Agreement. No waiver of any condition or other provisions, in whole or in part, shall constitute a waiver of any other condition or provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. The representations and warranties contained in Sections 3.1 and 3.2 shall not merge on Closing but shall survive the Closing, the transfer of the Purchased Shares, satisfaction of the Purchase Price and the Closing Date for the maximum period permitted by Applicable Law.

3.4 Conduct of Business Prior to Closing

During the period from the date of this Agreement to the Closing Time, the Vendor and Evan Holdco shall, and shall cause the Company, to do the following:

- (a) **Conduct Business in the Ordinary Course** – except as otherwise permitted by this Agreement, conduct its business in the ordinary course, consistent with past practice and not, without the prior written consent of the Purchaser, enter into any transaction which, if effected before the date of this Agreement, would constitute a breach of the representations, warranties or agreements of any of the Company or the Vendor contained in this Agreement;
- (b) **Contracts** - not enter into any Contracts, commitments or transactions except as approved in writing by the Purchaser;
- (c) **Maintain Good Relations** – use all reasonable efforts to maintain good relations with all Persons with whom the Company, Evan Holdco and the Vendor has business relations relating to the Business or the Company;
- (d) **Continue Insurance** – continue in force all policies of insurance maintained by or for the benefit of the Company and give all notices and present claims under all insurance policies in a timely fashion;
- (e) **Comply with Laws** – comply with all Applicable Laws affecting the operation of the Company;
- (f) **Prevent Certain Changes** – not, without the prior written consent of the Purchaser, take any of the actions, do any of the things or perform any of the acts described in Section 3.1(B)(aa), including for greater certainty, not incur or satisfy, in whole or in part, any Debt, obligations or liabilities or make any payment in respect thereof, or acquire or dispose, or agree to acquire or dispose of any Assets or additional assets or declare, pay or authorize dividends or other distributions on any shares of the Company or purchase or redeem any shares of the Company, or amend the articles or change the capital structure of the Company,
- (g) **Approvals** –obtain and diligently pursue all Consents, Licenses, Regulatory Approvals and authorizations required to consummate the transactions contemplated by this Agreement in accordance with the terms hereof;

- (h) **Advise of Changes** – promptly advise the Purchaser orally and in writing (i) of any fact or any change in the Business, operations, affairs, assets, liabilities, capitalization, financial condition or prospects of the Company that could have a Material Adverse Effect; (ii) of any breach by any of the Company, Evan Holdco or the Vendor of any covenant or agreement contained in this Agreement; (iii) of the fact of any representation or warranty provided herein by the Company, Evan Holdco or the Vendor ceases to be true, complete and accurate in all respects and (iii) of any death, disability, resignation or other event or circumstance affected the Company, Evan Holdco or the Vendor; and
- (i) **Remedy any Misrepresentation or Breach of Covenant** - do all things and cause all things to be done to ensure that all of the representations and warranties and covenants of the Vendor, Evan Holdco and the Company contained in this Agreement remain true and correct as if such representations and warranties were continuously made throughout such period and such covenants performed when required pursuant to this Agreement.

3.5 Access for Investigation

The Company shall and the Vendor shall cause the Company to permit the Purchaser and its representatives, between the date of this Agreement and the Closing Time, to have free and unrestricted access during normal business hours to (i) the Assets of the Company, including the Property; (ii) all locations where Books and Records or other material relevant to the business of the Company are stored; and (iii) all the Books and Records. The Vendor or the Company, as the case may be, shall furnish to the Purchaser copies of Books and Records as the Purchaser shall from time to time request. Without limiting the generality of the foregoing, the accounting representatives of the Purchaser shall be afforded ample opportunity to make a full investigation of all aspects of the financial affairs of the Company and the Vendor.

The Vendor will, or will cause the Company to, forthwith deliver to the Purchaser, the following documents and files relating to the Property, to the extent they are within the Vendor's possession and control,:

- (a) An Authorization and Direction, on the Purchaser's Solicitor's form, authorizing all governmental agencies and bodies having jurisdiction to release all information in their files relating to the Property provided such authorization and direction shall specifically prohibit any inspections of the Property;
- (b) Copies of all surveys, planning studies, zoning or official plan amendment applications, leases, soil tests, environmental reports, ecological reports, feasibility studies, engineering reports, claims involving the Property and all other documents and reports relating to the Property, and with respect to any reports or documents prepared by professionals or experts such as environmental reports, a reliance letter from the respective issuer of such report or document permitted the Purchaser to rely on such report or document; and
- (c) Such other material documents, reports or information relating to the Property as may be reasonably requested by the Purchaser and as may be in the Vendor's possession or control.

ARTICLE 4

COVENANTS

4.1 Payment of Taxes

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to any filing, recording or transfer fees payable in connection with the instruments of transfer provided for in this Agreement.

4.2 Preparation of Tax Returns

The Purchaser shall cause, at the Vendor's expense, to be prepared and filed within the time period prescribed by Applicable Law all Tax Returns for the Company for (a) any period which ends on or before the Closing Date and for which Tax Returns have not been filed as of such date and (b) for any period that begins prior to the Closing Date and ends after the Closing Date for which Tax Returns are required to be prepared and filed (all such Tax Returns referred to in clause (a) and (b) of this Section 4.2 being referred to herein as "**Stub Period Returns**"). The Vendor, Evan Holdco and the Purchaser shall co-operate fully with each other and make available to each other in a timely fashion such data and other information as may reasonably be required for the preparation of all Stub Period Returns and shall preserve such data and other information until the expiration of any applicable limitation period under any Applicable Law with respect to such Stub Period Returns. The Purchaser shall provide to the Vendor for his review a copy of the Stub Period Returns and the costs (including reasonable allocation of internal costs) of the preparation and filing of such Stub Period Returns (as they relate to periods ending on or before the Closing Date or such portion thereof) shall be included as Debt of the Company as of the Closing Date for purposes of the calculation of the Purchase Price. For greater certainty, all Taxes payable for the period represented by the Stub Period Returns are for the account of the Vendor and will be paid the Vendor promptly upon completion of the Stub Period Returns.

4.3 Property Tax Arrears

The Vendor and Evan Holdco, jointly and severally, covenants and agrees that it shall be liable and responsible and that it will pay or cause to be paid all Taxes respecting the Company, including property tax arrears, assessments and other Taxes or charges affecting the Property that relate or arise in respect of period of time prior to Closing, including any re-assessment of the Property that relates to the period prior to the Closing Date.

4.4 Brokers

Except for the engagement of Antonio Piazza and Alex Ivanuk by the Vendor pursuant to an engagement agreement entered into on or around June 1st, 2016 (the "**Engagement**"), neither the Purchaser or the Vendor engaged any broker or other agent in connection with the transactions contemplated by this Agreement and, accordingly, other than the payment as set forth Schedule 4.4 pursuant the Engagement there is no commission, fee or other remuneration payable to any broker or agent who purports or may purport to act or have acted for either party. The Purchaser covenants and agrees to pay or cause to be paid the fees payable pursuant to the Engagement, which are expressly set forth in Schedule 4.4 hereof, against delivery of a receipt, acknowledgement and full

release of any other amounts whatsoever payable pursuant to the Engagement by Antonio Piazza and Alex Ivanuk.

4.5 Termination of Employees and Contractors

Notwithstanding any other provision of this Agreement, the Company shall, and the Vendor shall cause the Company to, terminate the employment of every employee and the service of every contractor to the Company prior to the Closing Date and the Company shall, prior to the Closing, pay and satisfy all Liabilities to all such Persons whatsoever in connection with such termination of employment or service, including all obligations in accordance with Applicable Law.

4.6 Transfer of Hotel Operations and Property Management Business

Prior to the Closing Date the Vendor shall provide the Purchaser with documentation, satisfactory to the Purchaser in its sole discretion, evidencing the transfer to another Person of the entire (a) hotel business and (b) property management business, carried on by the Company, together with all Liabilities now existing or hereinafter arising, whether or not known, and fully release and indemnify the Company from and against any Liability arising directly or indirectly in relation to, out of, or in connection with, such businesses previously carried on by the Company and transferred to another Person.

4.7 Consents

The Vendor covenants and agrees to obtain all Consents and Regulatory Approvals of any other Person necessary or desirable to be obtained by the Company and/or the Vendor in connection with completion of the transactions contemplated by this Agreement, including as may be required by any lender pursuant to any Debt in connection with the change of control of the Company as contemplated by this Agreement. The Vendor further covenants and agrees to cause certain of the collateral mortgages set out in Schedule 3.1(B)(bb) to be discharged prior to the Closing resulting in an aggregate of approximately \$8 million in outstanding Debt of the Company on Closing.

4.8 Requisition Letters

Prior to the Closing Date, the Vendor agrees to fully comply and respond to all matters set forth in requisition letters to be delivered by the Purchaser's real estate solicitors that relate to the Property.

ARTICLE 5 INDEMNIFICATION

5.1 Vendor's Indemnification

The Vendor and Evan Holdco, jointly and severally, agree to indemnify and save the Purchaser and its Affiliates, including 650 Bay GP Inc., the general partner of the Purchaser, and its and their respective shareholders, partners, directors, officers, employees, representatives and agents (the "**Purchaser Indemnified Parties**"), fully harmless and will reimburse or compensate them for, any Damages, whether arising prior to, on or subsequent to the Closing and whether referable to any event, circumstance or matter arising at any time prior to, on or subsequent to the Closing, as a result of, respecting, in connection with or related, directly or indirectly, in any manner whatsoever to:

- (i) any incorrectness in or breach of any representation or warranty of the Company, Evan Holdco or Vendor contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (ii) any breach or any non-fulfilment of any covenant or agreement on the part of the Company, Evan Holdco or the Vendor in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement;
- (iii) any Legal Proceeding (actual or Threatened) to which the Company is a party or affected by at any time on or prior to the Closing Date, or to which it becomes a party or that is Threatened after the Closing Date arising from facts or circumstances that existed at any time on or prior to the Closing Date, including in respect of any such matter relating to the Assets (including the Property) or the ownership or operations of the hotel business and/or property management business carried on by the Company prior to Closing;
- (iv) without limiting the generality of any other provision of this Section 5.1, relating directly or indirectly to non-compliance of the Property with any Applicable Laws in respect of the period prior to Closing, whether arising prior to or subsequent to Closing, including all costs and expenses relating to any investigations, work orders, notices, directives or letters of non-compliance in respect of the Property originated or issued by any Governmental Authority having jurisdiction, whether or not disclosed in any searches (on or off title);
- (v) any Liability of the Company for Taxes in respect of any taxation year or other period ended prior to the Closing Date, or any portion of a taxation year or other period up to and including the Closing Date, including any Liability for Taxes relating to the transfer of the hotel business and the property management business to another Person;
- (vi) the failure to obtain any necessary approvals, Regulatory Approvals, Consents, waivers or to give any notice, including without limitation, any Claims relating to any resultant termination or renegotiation of any right or entitlement of the Company or any increase in obligations or liabilities arising therefrom affecting the Company;
- (vii) any Liability (including to indemnify or advance any amounts) to any current or former director, officer, employee, consultant, contractor or other person or entity (a) engaged to provide services to the Company or (b) pursuant to any Employee Plan;
- (viii) any Liability of the Company to any non-arm's length person or entity to the Company including any current or former director, officer, employee or shareholder; and

- (ix) without limiting the generality of any other provision of this Section 5.3, any failure by the Vendor to transfer to the Purchaser all of the Purchased Shares with good and marketable title thereto, free and clear of all Encumbrances as contemplated by this Agreement.

The rights to indemnification of the Purchaser Indemnified Parties under this Section 5.1 shall apply notwithstanding any inspection or inquiries made by or on behalf of any of the Purchaser Indemnified Parties, or any knowledge acquired or capable of being acquired by any of the Purchaser Indemnified Parties or facts actually known to any of the Purchaser Indemnified Parties (whether before or after the execution and delivery of this Agreement and whether before or after Closing).

5.2 Purchaser's Indemnification

The Purchaser agrees to indemnify and save the Vendor his heirs, executors, administrators, successors and assigns, as applicable, (the "**Vendor Indemnified Parties**"), fully harmless and will reimburse or compensate them for, any Damages, with respect to any event, circumstance or matter arising at any time prior to, on or subsequent to the Closing, as a result of, respecting, in connection with or related, directly or indirectly, in any manner whatsoever to:

- (i) any incorrectness in or breach of any representation or warranty of the Purchaser contained in this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement; and
- (ii) any breach or any non-fulfilment of any covenant or agreement on the part of the Purchaser this Agreement or in any other agreement, certificate or instrument executed and delivered pursuant to this Agreement.

5.3 Notice of Claim

If an Indemnified Party becomes aware of any act, omission or state of facts that may give rise to Damages in respect of which a right of indemnification is provided for under this Article 5, the Indemnified Party shall promptly give written notice thereof (a "**Notice of Claim**") to the Indemnifying Party. The Notice of Claim shall specify whether the potential Damages arise as a result of a claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the potential Damages do not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available):

- (i) the factual basis for the Direct Claim or Third Party Claim, as the case may be; and
- (ii) the amount of the potential Damages arising therefrom, if known.

If, through the fault of the Indemnified Party, the Indemnifying Party does not receive a Notice of Claim in a timely manner to effectively contest the determination of any liability susceptible of being contested, then the liability of the Indemnifying Party to the Indemnified Party under this Article 5 shall be reduced to the extent that Damages are incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give the Notice of Claim on a timely basis, provided that any Notice of Claim delivered with 60 days of the Indemnified Party becoming aware

of a potential Claim for Damages shall not be deemed to be a failure to deliver prompt Notice of Claim.

5.4 Direct Claims

In the case of a Direct Claim, the Indemnifying Party shall have 10 days from receipt of a Notice of Claim in respect thereof within which to make such investigation as the Indemnifying Party considers necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate its right to be indemnified under this Article 5, together with all such other information as the Indemnifying Party may reasonably request. If the Parties fail to agree at or before the expiration of such 10 day period (or any mutually agreed upon extension thereof), the Indemnified Party shall be free to pursue such remedies as may be available to it.

5.5 Third Party Claims

In the case of a Third Party Claim, the provisions in the following paragraphs of this Section 5.5 apply.

- (a) *Rights of Indemnifying Party.* The Indemnifying Party shall have the right, at its expense, to participate in but not control the negotiation, settlement or defence of the Third Party Claim, which control shall rest at all times with the Indemnified Party, unless the Indemnifying Party:
 - (i) irrevocably acknowledges in writing complete responsibility for, and agrees to indemnify the Indemnified Party in respect of, the Third Party Claim; and
 - (ii) furnishes evidence to the Indemnified Party which is satisfactory to the Indemnified Party of its financial ability to indemnify the Indemnified Party;

in which case the Indemnifying Party may assume such control at its expense through counsel of its choice.

- (b) *Respective Rights on Indemnifying Party's Assumption of Control.* If the Indemnifying Party elects to assume control as contemplated in Section 5.5(a), the Indemnifying Party shall reimburse the Indemnified Party for all of the Indemnified Party's out-of-pocket expenses incurred as a result of such participation or assumption. The Indemnified Party shall continue to have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel at its expense or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and a representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences), in which case the fees and disbursements of such counsel shall be paid by the Indemnifying Party. The Indemnified Party shall co-operate with the Indemnifying Party so as to permit the Indemnifying Party to conduct such negotiation, settlement and defence and for this

purpose shall preserve all relevant documents in relation to the Third Party Claim, allow the Indemnifying Party access on reasonable notice to inspect and take copies of all such documents and require its personnel to provide such statements as the Indemnifying Party may reasonably require and to attend and give evidence at any trial or hearing in respect of the Third Party Claim.

- (c) *Lack of Reasonable Diligence.* If, having elected to assume control of the negotiation, settlement or defence of the Third Party Claim, the Indemnifying Party thereafter fails to conduct such negotiation, settlement or defence with reasonable diligence, then the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim.
- (d) *Necessary Payments prior to Settlement.* If any Third Party Claim is of a nature such that (i) the Indemnified Party is required by Applicable Law or any Order, or (ii) it is necessary in the reasonable view of the Indemnified Party acting in good faith and in a manner consistent with reasonable commercial practices, in respect of a Third Party Claim relating to any Contract which is necessary to the ongoing operations of the Business or any material part thereof, including to preserve the rights of the Indemnified Party under such a Contract, to make a payment to any Person (in this section, a “**Third Party**”) with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, as the case may be, then the Indemnified Party may make such payment and the Indemnifying Party shall, promptly after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any Liability of the Indemnified Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, promptly after receipt of the difference from the Third Party, pay the amount of such difference to the Indemnifying Party.
- (e) *Other Rights of Indemnified Party.* If the Indemnifying Party fails to assume control of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim. Whether or not the Indemnifying Party assumes control of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

5.6 Interest on Damages

The amount of any Damages which is subject to indemnification hereunder shall bear interest from and including the date the Indemnified Party was notified of the claim for Damages at the rate of 8% per annum, simple interest, from and including such date to but excluding the date reimbursement of such Damages by the Indemnifying Party is made, and the amount of such interest shall be deemed to be part of such Damages.

5.7 Set-off

The Purchaser Indemnified Parties shall be entitled to set off the amount of any Damages subject to indemnification by the Vendor and Evan Holdco under this Agreement against any amounts payable by any Purchaser Indemnified Party or an Affiliate or Associate to the Vendor, Evan Holdco or any Affiliate or Associate, whether under this Agreement or under any other agreement or arrangement, including in respect of any distributions paid or payable to Evan Holdco pursuant to the Limited Partnership Agreement. The Vendor and Evan Holdco, on behalf of themselves and their Affiliates and Associates, hereby irrevocably authorizes and directs the Partnership and 650 Bay GP Inc., the general partner of the Partnership, to make all payments payable to the Vendor, Evan Holdco or any Affiliate or Associate of such Persons, otherwise payable to such Persons pursuant to the Limited Partnership Agreement and/or their interests therein, to the Purchaser Indemnified Parties upon written demand for such payment by the Purchaser to 650 Bay GP Inc., and this shall be the 650 Bay Limited Partnership's and 650 Bay GP Inc.'s good and sufficient authority for so making such payments to the Purchaser Indemnified Parties. The Parties agree and acknowledge that neither 650 Bay Limited Partnership's or 650 Bay GP Inc. shall be required or expected to investigate or independently verify the accuracy of any demand and 650 Bay GP Inc. shall comply with any such demand. A copy of this Agreement may be provided to 650 Bay GP Inc. to provide the general partner with evidence of the written direction regarding payments otherwise payable to the Vendor, Evan Holdco or an Affiliate or Associate from 650 Bay Limited Partnership.

5.8 Pledge Agreement

Evan Holdco agrees to enter into a security and pledge agreement (the "**Holdco Pledge Agreement**") granting the Purchaser a security interest and pledge over all of the Partnership Interest of Evan Holdco in the Partnership (the "**Holdco Pledged Securities**") to secure the obligations the Vendor and Evan Holdco under this Agreement; such agreement in the form required by the Purchaser.

The Vendor agrees to enter into a security and pledge agreement (the "**Vendor Pledge Agreement**") granting the Purchaser a security interest and pledge over all of the securities of the Company (the "**Vendor Pledged Securities**") to secure the obligations the Vendor and Evan Holdco under this Agreement; such agreement in the form required by the Purchaser.

In the event that the Purchaser enforces on the security interests created under the Holdco Pledge Agreement and/or the Vendor Pledge Agreement, and takes possession of the Holdco Pledged Securities and/or the Vendor Pledged Securities, in addition to the obligations under this Agreement so secured, Evan Holdco and the Vendor agree to jointly and severally fully indemnify and hold harmless the Purchaser and will compensate the Purchaser for all Damages directly or indirectly arising out of, in connection with our related to, in any manner whatsoever, the costs of enforcement against the Holdco Pledged Securities and/or the Vendor Pledged Securities.

5.9 Trustee and Agent

Each Party acknowledges that the other Party is acting as trustee and agent for the remaining Purchaser Indemnified Parties or Vendor Indemnified Parties, as the case may be, on whose behalf and for whose benefit the indemnity in Section 5.1 and Section 5.2, as the case may be, is provided and that such remaining Indemnified Parties shall have the full right and entitlement to take the benefit of and enforce such indemnity notwithstanding that they may not individually be parties to this Agreement. Each Party agrees that the other Party may enforce the indemnity for and on behalf of such remaining Indemnified Parties and, in such event, the Party from whom indemnification is sought will not in any proceeding to enforce the indemnity by or on behalf of such remaining Indemnified Parties assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence.

ARTICLE 6 **CLOSING**

6.1 Closing Arrangements

Subject to the terms and conditions set forth in this Agreement, the transaction contemplated hereunder shall be completed at Closing Time on the Closing Date.

6.2 Documents of the Vendor and Evan Holdco

At the Closing, the Vendor and Evan Holdco, as applicable, shall deliver or cause to be delivered to the Purchaser the following documents:

- (i) the certificate or certificates representing the Purchased Shares;
- (ii) a transfer of the Purchased Shares duly executed by the Vendor, in the form satisfactory to the Purchaser;
- (iii) the minute books, share certificate books and corporate seal of the Company;
- (iv) a certificate the Vendor, Evan Holdco and of a senior officer of the Company dated the Closing Date certifying that the representations and warranties of the Vendor, Evan Holdco and the Company, as applicable, contained in this Agreement and each other agreement executed and delivered pursuant to this Agreement shall be true and correct in all respects at Closing, with the same force and effect as if such representations and warranties were made at and as of such time, such certificates in form and substance satisfactory to the Purchaser, acting reasonably;
- (v) a certificate the Vendor, Evan Holdco and of a senior officer of the Company dated the Closing Date certifying that all of the covenants and conditions of this Agreement and each other agreement executed and delivered pursuant to this Agreement to be complied with or performed by the Vendor, Evan Holdco and the Company at or before Closing shall have been complied with or performed, such certificates to be in form and substance satisfactory to the Purchaser, acting reasonably;
- (vi) a certificate of the Secretary or other officer of the Company and Evan Holdco dated as of the Closing Date, with respect to the Company's and Evan Holdco's constating

- documents, resolutions and incumbency, in the form satisfactory to the Purchaser, acting reasonably;
- (vii) a certificate of good standing in respect of each of the Company and Evan Holdco;
 - (viii) evidence in form satisfactory to the Purchaser, acting reasonably, that all the Consents and Regulatory Approvals have been obtained, including the consent of each lender under the 650 Bay Mortgages to the assignment and assumption of each 650 Bay Mortgage to the Purchaser, an estoppel letter from each such lender and an assignment and assumption agreement respecting each 650 Bay Mortgage in each case, in absence of which the Purchaser shall refinance the debt pursuant to the Limited Partnership Agreement;
 - (ix) a fully executed copy of each of the Holdco Pledge Agreement and the Vendor Pledge Agreement;
 - (x) the written resignation of each director and officer of the Company designated by the Purchaser and a release of all claims against the Company by each such director and officer, in the form satisfactory to the Purchaser, acting reasonably;
 - (xi) a release of all claims by the Vendor against the Company in the form satisfactory to the Purchaser, acting reasonably;
 - (xii) the Estimated Closing Statement;
 - (xiii) a statutory declaration of the Vendor and Evan Holdco certifying that it is not a "non-resident" within the meaning of the *Income Tax Act* (Canada);
 - (xiv) discharges of all Encumbrances which are not Permitted Encumbrances;
 - (xv) such documents, certificates and other instruments and filings as would customarily be imposed in a similar transaction that involves a transfer of commercial real estate similar to the Property in Toronto, Ontario;
 - (xvi) a legal opinion of the Vendors' Counsel, in form and substance satisfactory to the Purchaser, acting reasonably, such opinion to include, without limitation, an opinion as to the incorporation and existence of the Company and Evan Holdco, as to ownership of the Purchased Shares and the share capital of the Company and enforceability of this Agreement, the Pledge Agreement and security created thereby, and such other customary opinions as reasonably requested by the Purchaser or Purchaser's Counsel; and
 - (xvii) confirmation of payment of all broker and commissions under the Engagement and a receipt and acknowledgement of payment and a release in favour of the Purchaser from all such Persons;
 - (xviii) the certificate or certificates representing 1 Class A Unit of the Partnership registered in the name of Evan Holdco together with a share transfer power executed in blank;

- (xix) the certificate or certificates representing 1,000 common shares of the Company registered in the name of Evan Holdco, being all of the issued and outstanding securities of the Company together with a share transfer power executed in blank and an irrevocable certified resolution of the directors and shareholders approving the transfer of the Vendor Pledged Securities;
- (xx) all other conveyances and documents which are required herein and which the Purchaser has reasonably requested on or before the Closing Date;
- (xxi) an undertaking as to certain matters to be performed by the Vendor, the Company and/or Evan Holdco prior to Closing; and
- (xxii) all such other assurances, consents, agreements, conveyances, documents and instruments as may be reasonably required by the Purchaser to give effect to the proper transfer, assignment and conveyance by the Vendor to the Purchaser of the Purchased Shares, free and clear of all Encumbrances other than the Permitted Encumbrances and all other matters contemplated herein, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

6.3 Documents of the Purchaser

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (i) the certificate or certificates representing the Class A Unit of the Partnership issuable pursuant to Section 2.3 registered in the name of Evan Holdco;
- (ii) a certificate of a senior officer of the Purchaser dated the Closing Date certifying that all of the covenants and conditions of this Agreement and each other agreement executed and delivered pursuant to this Agreement to be complied with or performed by the Purchaser at or before Closing shall have been complied with or performed, such certificates to be in form and substance satisfactory to the Vendor, acting reasonably;
- (iii) a certificate the Purchaser dated the Closing Date certifying that all of the covenants and conditions of this Agreement and each other agreement executed and delivered pursuant to this Agreement to be complied with or performed by the Purchaser at or before Closing shall have been complied with or performed, such certificates to be in form and substance satisfactory to the Vendor, acting reasonably;
- (iv) a certificate of the Secretary or other officer of the Purchaser dated as of the Closing Date, with respect to the Purchaser's constating documents, resolutions and incumbency, in the form satisfactory to the Vendor, acting reasonably; and
- (v) a certificate of good standing in respect of the Purchaser;
- (vi) all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the Vendor to complete the transactions provided for in

this Agreement, all of which shall be in form and substance satisfactory to the Vendor, acting reasonably;

ARTICLE 7
GENERAL

7.1 Tender

Any tender of documents or money may be made upon the Party being tendered or upon its solicitors and money may be tendered by certified cheque from a Schedule 1 Canadian Chartered Bank or by wire transfer to the Vendor or the Vendor's Solicitors provided that the money will be released to the Vendor in accordance with this Agreement.

7.2 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Indemnified Parties hereunder are cumulative and are in addition to and not in substitution for any rights or remedies provided by Applicable Law and any single or partial exercise by any Indemnified Party of any right of remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other agreement or document entered into or delivered in connection with this Agreement shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Indemnified Party may be lawfully entitled for such default or breach. Any waiver by the Purchaser of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained or contained in any agreement or document executed and/or delivered pursuant to this Agreement and any indulgence granted either expressly or by course of conduct by the Purchaser, shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Purchaser under this Agreement, or under any other agreement or document as a result of any such default or breach hereunder or thereunder.

7.3 Notice

Any notice, demand, approval, consent, information, agreement, offer, request or other communication (herein referred to as a "**Notice**") to be given under or in connection with this Agreement shall be in writing and shall be given by personal delivery during regular business hours on any Business Day or by telecopier, facsimile transmission or other electronic communication which results in confirmation of notice being given, addressed or sent as set out below or to such other address or electronic number as may from time to time be the subject of a Notice:

(a) to the Vendor:

Keyser Mason Ball, LLP
1600 – 4 Robert Speck Blvd.
Mississauga, ON L4Z 1S1
Attn: Evan Karras

Facsimile: (905) 276-2298

- (i) with a copy to the Vendor' Solicitors, at the address and to the person set out in the definitions to this Agreement.
- (b) to the Purchaser:

Lalu Canada Inc.
50 Minthorn Blvd., Suite 102
Markham, Ontario L3T 7X8
Attention: Gerald Lee
Facsimile:
Email: gerard.lee@lalucanada.com

- (i) with a copy to the Purchaser's Solicitors, at the address and to the person set out in the definitions to this Agreement.

Any Notice, if personally delivered, shall be deemed to have been validly and effectively given and received on the date of such delivery and if sent by telecopier, facsimile transmission or other electronic communication with confirmation of transmission prior to 5:00 p.m., shall be deemed to have been validly and effectively given and received on the Business Day it was sent unless the confirmation of transmission was after 5:00 p.m. in which case it shall be deemed to have been received on the next following Business Day.

7.4 Severability

If any provision of this Agreement or portion thereof or the application thereof to any Person or circumstance shall to any extent be illegal, invalid or unenforceable the remainder of this Agreement or the application of such provision or portion thereof to any other Person or circumstance shall not be affected thereby and the illegal, invalid or unenforceable provision shall be read interpreted in a manner so as to implement the intentions set forth in this Agreement to the maximum extent permitted by Applicable Law. Each provision of this Agreement shall be legal, valid and enforceable to the fullest extent permitted by Applicable Law.

7.5 Survival

The provisions of this Agreement, including the indemnities provided for herein, and of any other agreement, certificate or instrument delivered pursuant to this Agreement shall not merge on Closing but shall survive the execution, delivery and performance of this Agreement, the Closing and the execution and delivery of any transfer documents or other documents of title and all other agreements, certificates and instruments delivered pursuant to this Agreement and the payment of the consideration for the Property.

7.6 Further Assurances

The Parties shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents, elections or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions. For

greater certainty and with respect to the obligations in Sections 3.1(B)(bb) and 4.7 of KarrasCo to obtain consents relating to the 650 Bay Debt and/or effect a refinancing of the same, the Purchaser shall, acting commercially reasonably, do all such things and provide all such things, including but not limited to security, agreements, guarantees and other, that are customary to a commercial arrangement of that nature and that are within its power and control.

7.7 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding upon the Parties and their respective successors and permitted assigns and shall enure to the benefit of and be enforceable by such successors and permitted assigns.

7.8 Obligations as Covenants

Each agreement and obligation of any of the Parties hereto in this Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.

7.9 Amendment of Agreement

No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the Parties in the same manner as the execution of this Agreement.

7.10 No Transfer or Assignment

Neither the Vendor or Evan Holdco shall assign, transfer, pledge, convey, hypothecate, create or allow to be created an Encumbrance upon or other interest in the Purchased Shares or the Property which in any way is superior to or that jeopardizes in any manner or respect the Purchaser's rights or interests directly or indirectly to be conveyed under this Agreement. The Purchaser may assign this Agreement and the benefit of any covenants or obligations contained in this Agreement upon written notice the Vendor and the Purchaser shall thereafter be released from all of its liabilities and obligations hereunder upon acceptance of such assignment and acceptance of the Purchaser's liabilities and obligations by the assignee.

7.11 Entire Agreement

This Agreement and any agreements, instruments and other documents herein contemplated to be entered into between, by or including the Parties hereto constitute the entire agreement between the Parties hereto pertaining to the transaction provided for herein and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, with respect thereto, and there are no other warranties or representations and no other agreements between the Parties hereto in connection with the transaction provided for herein except as specifically set forth in this Agreement.

7.12 Expenses

Except as otherwise provided in this Agreement, each Party shall pay all costs and expenses (including the fees and disbursements of legal counsel and other advisers and brokers) it incurs in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement. In particular, the Vendor shall be responsible for any fees and

expenses of any broker or investment advisor retained in connection with the sale of the Purchased Shares, other than pursuant to the Engagement, and such fees and expenses shall not constitute an obligation of the Company or the Purchaser.

7.13 Time of Essence

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

7.14 Execution by Electronic Transmission

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and both of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Party by facsimile or other means of electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

7.15 Counterparts

This Agreement may be signed in one or more counterparts, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument. Notwithstanding the date of execution or transmission of any counterpart, each counterpart shall be deemed to have the effective date first written above.

[Remainder of page intentionally left blank. Signature page follows.]

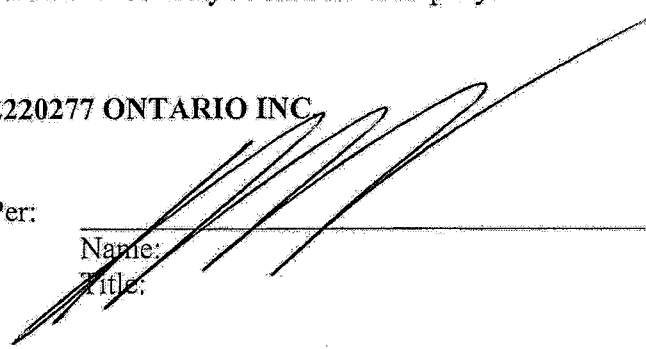
IN WITNESS WHEREOF, the parties have duly signed this Agreement.

650 BAY LIMITED PARTNERSHIP, by its
general partner, 650 Bay GP Inc.

Per: 
Name: _____
Title: _____

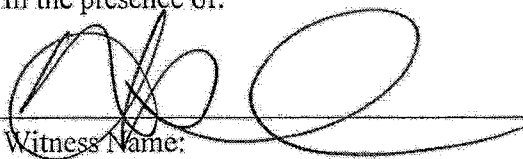
I/We have authority to bind the Company.

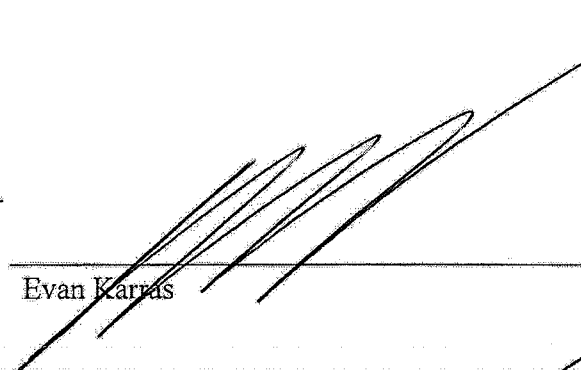
2220277 ONTARIO INC

Per: 
Name: _____
Title: _____

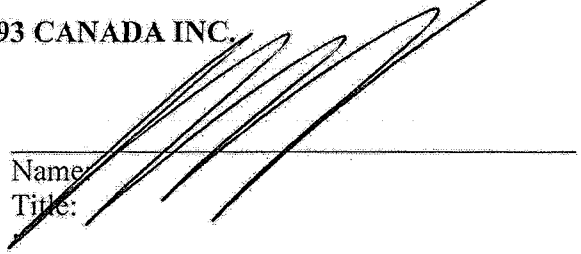
I/We have authority to bind the Company.

SIGNED, SEALED & DELIVERED
In the presence of:


Witness Name: _____


Evan Karras

9329293 CANADA INC.

Per: 
Name: _____
Title: _____

I/We have authority to bind the Company.

**SCHEDULE "A"
PROPERTY**

Municipal Address

650 Bay Street, Toronto, ON

Legal Description

PT LT 2 PL 60 TORONTO AS IN CA720524; CITY OF TORONTO [PIN:21199-0067 (LT)].

SCHEDULE 1.1(a)
650 BAY MORTGAGES

1. Zaherali Visram- AT2228545 (transfer of Charge AT3894600 and Notice AT 3894601) in the principal amount of \$2,600,000.00.
2. Zaherali Visram – AT2960459 in the principal amount of \$3,000,000.00.
3. 932005 Ontario Inc. – AT3195583 in the principal amount of \$625,000.00.
4. Harbour First Mortgage Fund GP Inc. – AT3195583 in the principal amount of \$100,000.00.
5. Goldcard Inc. – AT3292231 in the principal amount of \$100,000.00.
6. CVC Ardellini Investments Inc. – AT3413716 in the principal amount of \$2,500,000.00.
7. Accomplish Capital Inc. – AT4005932 in the principal amount of \$525,000.00
8. 9480536 Canada Inc. – AT4065515 in the principal amount of \$600,000.00.

SCHEDULE 1.1(b)
PERMITTED ENCUMBRANCES

GENERAL

1. Encumbrances for taxes, assessments, public utilities or governmental charges or levies not at the time due or delinquent or the validity of which is being contested at the time by the Vendor in good faith in proceedings before a court or governmental body; and undetermined or inchoate privileges or liens and charges incidental to current operations which have not at such time been filed pursuant to law against the Vendor and which relate to obligations not due or delinquent, provided that all such taxes, assessments, liens and charges shall be fully paid or adjusted at or before Closing.
2. Servitudes, easements, rights-of-way, or other similar rights in land for sewers, electric lines, telegraphs and telephone lines and other utilities and services which do not, in the opinion of the Purchaser, acting reasonably, in the aggregate materially detract from the value of the Property or materially impair the existing uses of the Property, provided in each case that the same have been complied with in all respects.
3. Minor encroachments onto or from neighbouring lands which are permitted under agreements with the owners of such lands.
4. The reservations, limitations, provisos and conditions, if any, expressed in any original grant from the Crown, provided such are complied with in all respects.
5. Minor imperfections in title and encroachments that do not materially interfere with the Purchaser's intended use of the Property and do not render title unmarketable.
6. Registered subdivision, site-plan, development or other municipal agreements provided such are complied with and do not materially detract from the value of the Property or materially impair the existing uses of the Property; provided that the Vendor, if requested by the Purchaser in writing, will obtain and register, on or before Closing, such releases, partial releases and certificates of compliance as may be obtainable at reasonable cost (not exceeding \$1,000) from municipal or other governmental authorities.
7. The provisions of applicable laws, including by-laws, regulations, ordinances and similar instruments relating to development and zoning, provided such in each case have been complied with in all material respects.
8. Encumbrances of labourers, workmen, builders, contractors, suppliers of material or architects or other similar encumbrances incidental to construction, maintenance or operations which have not at the time been registered or filed pursuant to law against the Property or which, although registered or filed, relate to obligations that are not at the time due or delinquent; and provided that all such encumbrances are fully paid and discharged prior to Closing.
9. Encumbrances created or permitted by the Purchaser.
10. The agreements described in s. 3.1 (d) of this Agreement, if any

SPECIFIC

PIN:

<u>Instrument No.</u>	<u>Document Description</u>
63BA1267	Plan Boundaries Act
CA65043	Encroachment Agreement

650 Bay Mortgages having an aggregate outstanding principal and interest of approximately \$ 8 million.

SCHEDULE 3.1(A)(c)
RIGHTS OF OTHERS IN THE PROPERTY/LEASES

See Attached Lease Agreement. No other agreements or interests.

SCHEDULE 3.1(A)(d)
OUTSTANDING OR INCOMPLETE WORK ORDERS, DEFICIENCY NOTICES OR
OTHER CURRENT NON-COMPLIANCE WITH APPLICABLE LAWS AFFECTING
THE PROPERTY

Encroachment Agreement - attached.

OUTSTANDING WORK PERMIT – FILE NO. 27116 [Copies of each of the following are attached.]

1. Permit No. 12 273109 BLD 00 BA – building permit related.
2. Permit No. 11 188652 PLB 00 PS – building permit related.
3. Permit No. 11 188652 HVA 00 MS - building permit related.
4. Permit No. 11 245945 BLD 00 BA – interior alterations.
5. Permit No. 11 188652 BLD 00 BA – interior alterations.
6. Permit No. 11 245945 HVA 00 MS – building permit related.
7. Permit No. 12 121620 SGN 00 SP – sign.
8. Permit No. 12 121620 DST 00 DS – sign building permit related.
9. Permit No. 11 188652 BLD 01 BA – interior alterations.
10. Application No. 13 26659 00 00 AO – interior alterations.
11. Order to Comply File No. 15 213901 OTC 00VI.
12. Order to Comply File No. 15 213816 OTC 00 VI.

**SCHEDULE 3.1(A)(n)
PROPERTY SURVEY**

Attached.

SCHEDULE 3.1(B)(a)
CAPITALIZATION AND DETAILS RESPECTING THE COMPANY

Evan Karras is the sole director, officer and shareholder of 1,000 Common Shares in the capital of 2220277 Ontario Limited.

SCHEDULE 3.1(B)(g)
FINANCIAL STATEMENTS OF THE COMPANY

2015 and 2014 Financial Statements Attached. Interim Statements March 30 2016 are also attached.

Interim Financial Statements to June 30, 2016 and to the closing date to be provided and added as of the Closing Date.

SCHEDULE 3.1(B)(i)
ASSETS OF THE COMPANY

A/C and HVAC Units for the building.

**SCHEDULE 3.1(B)(k)
PERSONAL PROPERTY**

See Schedule 3.1 (B)(i)

**SCHEDULE 3.1(B)(I)
CONTRACTS**

See Schedule 3.1(A)(c). No additional Contracts exist.

SCHEDULE 3.1(B)(6)
LICENSES AND REGULATORY APPROVALS

Nil.

**SCHEDULE 3.1(B)(q)
BANK ACCOUNTS**

TD Bank Transit Number 031 Account Number 5216601

Branch 472 Eglinton West Toronto.

]

SCHEDULE 3.1 (B) (t)
LITIGATION AND COURT PROCEEDINGS

1. CV12004432110000. YEHUDAIFF v. KARRAS et al .
 - a. This matter has settled.

2. CV13004780170000. ALPA STAIRS AND RAILING INC. v. HUSH HOMES INC. et al.
 - a. No activity has occurred on this file since December, 2014. The Lien has been removed and all parties paid. This should be dismissed.

3. CV1300483227000. SLICE GOURMET INC. v. 2220277 ONTARIO INC.
 - a. An action was brought by Sliced Gourmet Inc. against 2220277 Ontario Inc. for damages arising out of a lease agreement. There has been no activity on this file since April, 2015.

4. CV14005124590000. CVC ARDELLINI INVESTMENTS INC. v. 2142301 ONTARIO INC. et al – DETAILS REQUIRED

5. CV14005125510000. VISRAM v. 2220277 ONTARIO INC. et al.
 - a. An action was brought by Zaherali Visram against 2220277 Ontario Inc. for a covenant to pay the balance on a charge/mortgage. When the mortgagee's second mortgage came due he started an action. The parties agreed to extend the terms of the mortgage. This should be dismissed. An Agreement was signed and the mortgage was extended.

6. CV1600545416000. MARATHON CLEANING CORP. v. 2220277 ONTARIO INC.
 - a. An action was brought by Marathon Cleaning Corp. in relation to a breach of contract for damages in the amount of \$50,613.73. Parties have exchanged documents and examination for discoveries are being scheduled.

**SCHEDULE 3.1(B)(x)
INSURANCE**

1. Intact Insurance Company - Policy No. 501351778 as attached.

**SCHEDULE 3.1(B)(aa)
ABSENCE OF CHANGES**

None.

**SCHEDULE 3.1(B)(bb)
DEBT**

SEE SCHEDULE 1.1(a)

SCHEDULE 4.4
COMMISSIONS AND BROKERGE FEES

1. Alex Evaniuk and Antonio Piazza (the "Brokers") are, for brokerage services rendered in relation to various agreements to effect various transactions, due a fee of Six Hundred Thousand Dollars (\$600,000.00) plus HST paid out equally to each of, Seventy Five Thousand Dollars (\$75,000.00) plus HST relating to such fee is to be paid to each of Alex Evaniuk and Antonio Piazza on the ____ July, 2016.
2. The balance of the fee described in section 1 above, will be paid by way of Twenty Five Thousand Dollar (\$25,000.00) instalments made payable to each of the brokers on the occasion of a executed agreement of purchase an sale for the newly developed homes of 63 – 69 Elm Street between the undersigned and a prospective purchaser. These instalments will be paid on each occasion of same until the balance is completely paid off.
3. In any event, the undersigned agrees to completely pay off any outstanding debt to each of the brokers on the date where the undersigned achieves application approval in relation to 650 Bay Street, and 57-61 Elm Street.

EXHIBIT "A"
LIMITED PARTNERSHIP AGREEMENT

See attached.

**THIS IS EXHIBIT E
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018**



A COMMISSIONER, ETC.

AGREEMENT OF PURCHASE AND SALE

BETWEEN

A. FARBER & PARTNERS INC.,
solely in its capacity as the Court-appointed receiver
of 2220277 Ontario Inc. and not in its personal capacity or in any
other capacity

- and -

650 BAY HOLDCO INC.

Dated: October 3, 2017

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AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made this 3rd day of October, 2017,

BETWEEN:

A. FARBER & PARTNERS INC.,
solely in its capacity as the Court-appointed receiver
of 2220277 Ontario Inc. and not in its personal capacity or in any
other capacity

(in such capacity, the "Receiver")

- and -

650 BAY HOLDCO INC.

(the "Purchaser")

WHEREAS pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on August 1, 2017 (the "Receivership Order"), A. Farber & Partners Inc. was appointed as the Receiver, without security, of all the assets, undertakings and properties of 2220277 Ontario Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property");

AND WHEREAS pursuant to the provisions of the Receivership Order, the Receiver has the power to sell all or any part of the Property, subject to Court approval;

AND WHEREAS the Purchaser wishes to purchase and the Receiver wishes to sell the Purchased Assets (as defined herein) upon the terms and subject to the conditions set out herein;

NOW THEREFORE, in consideration of the promises, mutual covenants and agreements contained in this Agreement (as defined herein), and for other good and valuable consideration, the receipt and sufficiency of which are each hereby acknowledged by the Parties (as defined herein), the Parties agree as follows:

ARTICLE 1
DEFINED TERMS

1.1 Definitions.

In this Agreement:

"Accounts Payable" means all amounts relating to the Business owing to any Person which are incurred in connection with the purchase of goods or services in the ordinary course of business;

"Agreement" means this agreement of purchase and sale, including all schedules and all amendments or restatements, as permitted, and references to **"article"**, **"section"** or **"schedule"** mean the specified article, section of, or schedule to this Agreement and the expressions **"hereof"**, **"herein"**, **"hereto"**, **"hereunder"**, **"hereby"** and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement;

"Applicable Law" means, with respect to any Person, property, transaction, event or other matter, all applicable laws, statutes, regulations, rules, by-laws, ordinances, protocols, regulatory policies, codes, guidelines, official directives, orders, rulings, judgments and decrees of any Governmental Authority;

"Approval and Vesting Order" means the approval and vesting order issued by the Court approving this Agreement and the transactions contemplated by this Agreement and conveying to the Purchaser all the Debtor's right, title and interest, if any, in and to the Purchased Assets free and clear of all Encumbrances other than the Permitted Encumbrances, and which order shall be in a form substantively similar to the draft order attached as **Schedule "A"** hereto;

"Assignable Assets" has the meaning given in section 3.1(3) herein;

"Auction" has the meaning given in section 6.3 herein;

"Auction Rules" has the meaning given in section 6.3 herein;

"bE SixFifty Hotel" means any of 756597 Ontario Limited o/a bE SixFifty Hotel, 9845496 Canada Inc. o/a bE SixFifty Hotel or bE SixFifty Hotel Inc.;

"Business" means the business carried on by the Debtor;

"Business Day" means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;

"Claims" means any and all claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including solicitor and client costs and disbursements, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing, related to the Debtor or the Real Property, and **"Claim"** means any one of them;

"Closing" means the successful completion of the Transaction;

"Closing Date" means the date that is the later of: (i) the first Business Day following the date that is ten days following the date on which the Approval and Vesting Order is granted; and (ii) the first Business Day following the date on which any appeals or motions to set aside or vary the Approval and Vesting Order have been finally determined;

"Closing Time" means 2:00 p.m. (Toronto time) on the Closing Date or such other time as agreed in writing by the Parties;

"Competing Bid" has the meaning given in section 6.2 herein;

"Consents and Approvals" means the consents and approvals of all relevant third parties;

"Court" has the meaning set out in the recitals hereof;

"Debtor" has the meaning set out in the recitals hereof;

"Deposit" has the meaning given in section 4.2 herein;

"Encumbrances" means all liens, charges, security interests, pledges, leases, offers to lease, title retention agreements, mortgages, restrictions on use, development or similar agreements, easements, rights-of-way, title defects, options or adverse claims or encumbrances of any kind or character whatsoever;

"ETA" means the *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended;

"Excluded Assets" means the Debtor's right, title and interest in and to the following:

- (a) original tax records and books and records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of the Debtor;
- (b) the benefit of any refundable Taxes payable or paid by the Debtor in respect of the Purchased Assets and applicable to the period prior to the Closing Date net of any amounts withheld by any taxing authority, and any claim or right of the Debtor to any refund, rebate, or credit of Taxes for the period prior to the Closing Date; and
- (c) the Hotel Lease, the Restaurant Lease and any other contracts to which the Debtor is a party;

"Excluded Liabilities" has the meaning given in section 3.3 herein;

"Farber" means A. Farber & Partners Inc.;

"Governmental Authority" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, republic, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power, and **"Governmental Authority"** means any one of them;

"Hotel Lease" means any and all leases or arrangements for use of any of the Real Property prior to Closing by bE SixFifty Hotel, including, without limitation, the documents entitled "leases" dated July 15, 2016 and July 27, 2016 between the Debtor (as landlord) and bE SixFifty Hotel (as tenant);

"HST" means harmonized sales tax imposed under Part IX of the ETA;

"Interim Period" means the period from and including the date of this Agreement to and including the Closing Date;

"ITA" means the *Income Tax Act*, R.S.C. 1985, c.1, as amended;

"Lead Bid" has the meaning given in section 6.3 herein;

"Notice" has the meaning given in section 15.3 herein;

"Parties" means the Receiver and the Purchaser;

"Permits" means all the authorizations, registrations, permits, certificates of approval, approvals, consents, commitments, rights or privileges issued, granted or required by any Governmental Authority in respect of the Real Property;

"Permitted Encumbrances" means all those Encumbrances described in **Schedule "B"** hereto;

"Person" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;

"Personal Property Leases" means all leases of personal or moveable property that relate to the Business, including all benefits, rights and options pursuant to such leases and all leasehold improvements forming part thereof;

"Property" has the meaning set out in the recitals hereof;

"Purchase Price" has the meaning set out in section 4.1 herein;

"Purchased Assets" means all of the Debtor's right, title and interest in and to:

- (a) the full benefit of all prepaid expenses and all deposits with any Person, public utility or Governmental Authority relating to the Real Property;
- (b) the Real Property;
- (c) the Permits, but only to the extent transferable to the Purchaser or the Purchaser's permitted assignees; and
- (d) the Warranty Rights;

“Purchaser” means 650 Bay Holdco Inc., a corporation duly formed and validly subsisting under the laws of the Province of Ontario;

“Real Property” means the Debtor’s right, title and interest in and to the lands legally described in PIN No. 21199-0067 (LT), together with all buildings, improvements and structures thereon and the fixtures affixed thereto, as well as all plans, designs and specifications in connection therewith;

“Receiver” has the meaning set out in the recitals hereof;

“Receivership Order” has the meaning set out in the recitals hereof;

“Restaurant Lease” means any and all leases or arrangements for use of any of the Real Property prior to Closing by 2452482 Ontario Inc., including, without limitation, the lease dated April 1, 2017 between the Debtor (as landlord) and 2452482 Ontario Inc. (as tenant);

“Rights” has the meaning given in section 3.1(3) herein, but only has such meaning in such section;

“Sale Process” has the meaning given in section 6.1 herein;

“Sale Process Orders” has the meaning given in section 6.1 herein;

“Stalking Horse Bid” has the meaning given in section 6.1 herein;

“Superior Bid” has the meaning given in section 6.2 herein;

“Taxes” means all taxes, HST, land transfer taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, harmonized, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, excise, real property and personal property taxes, and any related interest, fines and penalties, imposed by any Governmental Authority, and whether disputed or not;

“Transaction” means the transaction of purchase and sale contemplated by this Agreement;

“Warranty Rights” means the full benefit of all warranties, warranty rights, performance bonds and indemnities (implied, express or otherwise) of the Debtor against manufacturers, contractors or any other Person which apply to the Real Property, but only to the extent that the same are capable of being assigned; and

“Winning Bid” has the meaning given in section 6.3 herein.

**ARTICLE 2
SCHEDULES**

2.1 Schedules.

The following schedules are incorporated in and form part of this Agreement:

<u>Schedule</u>	<u>Description</u>
Schedule A	Approval and Vesting Order
Schedule B	Permitted Encumbrances

**ARTICLE 3
AGREEMENT TO PURCHASE**

3.1 Purchase and Sale of Purchased Assets.

- (1) Relying on the representations and warranties herein, and subject to article 6 herein, the Receiver hereby agrees to sell, assign, convey and transfer to the Purchaser, and the Purchaser hereby agrees to purchase, all right, title and interest of the Debtor in and to the Purchased Assets, free and clear of all Encumbrances other than the Permitted Encumbrances.
- (2) Subject to the Closing, the Receiver hereby remises, releases and forever discharges to, and in favour of, the Purchaser, all its rights, claims and demands whatsoever in the Purchased Assets.
- (3) This Agreement or any document delivered in connection with this Agreement shall not constitute an assignment of any rights, benefits or remedies (in this section 3.1(3), collectively, the "**Rights**") under any Permits or Consents and Approvals (collectively, the "**Assignable Assets**") that form part of the Purchased Assets and which are not assignable by the Receiver to the Purchaser without the required consent of the other party or parties thereto (collectively, the "**Third Party**"). To the extent any such consent is required and not obtained by the Receiver prior to the Closing Date, then, to the extent permitted by Applicable Law:
 - (a) the Receiver will, at the request, direction and cost of the Purchaser, acting reasonably, assist the Purchaser, in a timely manner and on a commercially reasonable best-efforts basis, in applying for and obtaining all consents or approvals required under the Assignable Assets in a form satisfactory to the Receiver and the Purchaser, and take such actions and do such things as may be reasonably and lawfully designed to attempt to provide the benefits of the Assignable Assets to the Purchaser, including holding those Assignable Assets in trust for the benefit of the Purchaser or acting as agent for the Purchaser pending such assignment;

- (b) the Receiver will only deal with or make use of such Rights in accordance with the directions of the Purchaser; and
- (c) in the event that the Receiver receives funds with respect to those Assignable Assets, the Receiver will promptly pay over to the Purchaser all such funds collected by the Receiver, net of any outstanding costs provided in subsection (a) above.

3.2 Excluded Assets.

Notwithstanding anything else in this Agreement, the Purchased Assets shall not include the Excluded Assets.

3.3 Excluded Liabilities.

The Purchaser is not assuming, and shall not be deemed to have assumed any liabilities, obligations or commitments of the Debtor or the Receiver or of any other Person, whether known or unknown, fixed or contingent or otherwise, including any debts, obligations, sureties, positive or negative covenants or other liabilities directly or indirectly arising out of or resulting from the conduct or operation of the Business or the Real Property or the Debtor's ownership or interest therein, whether pursuant to this Agreement or as a result of the Transaction (collectively, the "**Excluded Liabilities**"). For greater certainty, the Excluded Liabilities shall include, but not be limited to, the following:

- (a) except as otherwise agreed in this Agreement, all Taxes payable by the Debtor arising with respect to any period prior to the Closing Date and all Taxes payable relating to any matters or assets other than the Purchased Assets arising with respect to the period from and after the Closing Date;
- (b) any liability, obligation or commitment associated with the Accounts Payable or any employees of the Debtor;
- (c) any liability, obligation or commitment resulting from an Encumbrance that is not a Permitted Encumbrance;
- (d) any liability, obligation or commitment associated with any of the Excluded Assets; and
- (e) any liability, obligation or commitment in respect to Claims arising from or in relation to any facts, circumstances, events or occurrences existing or arising prior to the Closing Date.

ARTICLE 4
PURCHASE PRICE AND SATISFACTION OF PURCHASE PRICE

4.1 Purchase Price.

Subject to article 6 herein, the purchase price for the Purchased Assets shall be the aggregate of TWELVE MILLION DOLLARS (\$12,000,000.00) (the "**Purchase Price**").

4.2 Deposit.

- (1) Within two (2) Business Days of the date of this Agreement, the Purchaser shall pay the Receiver a deposit by certified cheque or wire of ONE MILLION TWO HUNDRED THOUSAND DOLLARS (\$1,200,000.00) (the "**Deposit**"), which Deposit shall be held in accordance with the provisions of this Agreement pending completion or other termination of this Agreement and shall be applied against and towards the Purchase Price due on completion of the Transaction on the Closing Date.
- (2) The Parties agree that the Receiver shall cause the Deposit to be placed in an interest bearing account, which Deposit and interest shall accrue to the benefit of the Purchaser from the date of this Agreement until the Closing Date or other termination of this Agreement and shall be credited to the Purchaser on the Closing Date.

4.3 Satisfaction of Purchase Price.

Subject to article 6 herein, the Purchaser shall indefeasibly pay and satisfy the Purchase Price as follows:

- (a) the Deposit, and any interest accrued thereon, shall be applied against the Purchase Price; and
- (b) the remainder of the Purchase Price, being the net amount owing after deducting the Deposit, shall be paid by the Purchaser to the Receiver on Closing.

4.4 Allocation of Purchase Price.

The Parties, acting reasonably and in good faith, covenant to use best efforts to agree to allocate the Purchase Price amongst the Purchased Assets in a mutually agreeable manner on or prior to the Closing Time, provided that failure of the Parties to agree upon an allocation shall not result in the termination of this Agreement but rather shall result in the nullity of the application of this section of the Agreement such that each Party shall be free to make its own reasonable allocation.

4.5 Adjustment of Purchase Price.

- (1) The Purchase Price shall be adjusted as of the Closing Time in a manner and amount to be agreed upon by the Parties, acting reasonably, for any property taxes (including interest thereon), utilities and any other items which are usually adjusted in purchase transactions involving assets similar to the Purchased Assets in the context of a

receivership sale. The Receiver shall prepare a statement of adjustments and deliver same with all supporting documentation to the Purchaser for its approval by no later than the Closing Date. If the amount of any adjustments required to be made pursuant to this Agreement cannot be reasonably determined as of the Closing Date, an estimate shall be agreed upon by the Parties as of the Closing Date based upon the best information available to the Parties at such time, each Party acting reasonably, and such estimate shall serve as a final determination.

- (2) Other than as provided for in this section 4.5, there shall be no adjustments to the Purchase Price.

ARTICLE 5 TAXES

5.1 Taxes.

Provided that the Purchaser is determined to be the Winning Bidder, the Purchaser shall be responsible for all federal and provincial sales taxes, land transfer tax, goods and services, HST and all registration fees payable upon or in connection with the conveyance or transfer of the Purchased Assets to the Purchaser. If the sale of the Purchased Assets is subject to HST, then such tax shall be in addition to the Purchase Price. The Receiver will not collect HST if the Purchaser provides to the Receiver a warranty that it is registered under the ETA, together with a copy of the required ETA registration at least five Business Days prior to Closing, a warranty that the Purchaser shall self-assess and remit the HST payable and file the prescribed form and shall indemnify the Receiver in respect of any HST payable. The foregoing warranties shall not merge but shall survive the completion of the Transaction.

ARTICLE 6 SALE APPROVAL PROCEEDINGS

6.1 The Sale Process.

Each of the Parties acknowledges and agrees that by no later than October 16, 2017, the Receiver shall obtain orders (collectively, the "Sale Process Orders") from the Court which, *inter alia*, set out the terms and conditions of and a timetable for a bidding, auction and sale process with respect to the Purchased Assets (the "Sale Process"). The Sale Process Orders shall recognize this Agreement, and in particular the Purchase Price, as a baseline or "stalking horse bid" (the "Stalking Horse Bid"), and shall also provide for a marketing process of the Purchased Assets by the Receiver and a competitive bidding and auction procedure, to be administered by the Receiver. The Purchaser acknowledges and agrees that the aforementioned Sale Process is in contemplation of determining whether a materially higher price than that contemplated in the Stalking Horse Bid can be obtained for the Purchased Assets.

6.2 Competing Bids.

In addition to the foregoing, the Sale Process Orders shall also provide that in order to be accepted by the Receiver, any competing bid (each, a "Competing Bid") for the Purchased Assets must be on substantially the same terms and conditions as the terms and conditions

contained in this Agreement, except with respect to the Purchase Price (any Competing Bid accepted by the Receiver as a superior bid to the Stalking Horse Bid being, in each case, a "Superior Bid").

In order for any Competing Bid to be accepted by the Receiver as Superior Bid, such Competing Bid must meet all the following minimum criteria:

- (a) it must be received by the Receiver, in its entirety, by no later than 5:00 p.m. (Toronto time) on November 27, 2017;
- (b) it must be accompanied by a duly executed agreement of purchase and sale, blacklined against this Agreement, showing any and all variations from this Agreement, and a deposit in an amount equal to the sum of ten percent of the aggregate purchase price in such Competing Bid by way of certified cheque or wire, payable pursuant to the terms of such Competing Bid, and which is not subject to any encumbrances;
- (c) it must remain open for acceptance and completion until approval by the Court of an agreement of purchase and sale in respect of the Real Property;
- (d) it must be on terms no less favourable and no more burdensome or conditional than the terms of this Agreement;
- (e) it must not contain any contingency relating to due diligence or financing or any other material conditions precedent to the bidder's obligation to close that are not otherwise contained in this Agreement;
- (f) it must be made by one or more bidders who can demonstrate the financial ability to consummate the transaction contemplated by such Competing Bid on the terms specified therein; and
- (g) it must be for an aggregate purchase price at least equal to the sum of the Purchase Price plus ONE-HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00).

6.3 The Winning Bid and the Auction Process.

In the event that one or more Superior Bid is lodged with the Receiver in accordance with section 6.2 hereof, the Sale Process Orders shall provide that the Receiver will distribute the following documentation by no later than 5:00 p.m. (Toronto time) on December 4, 2017 to the Purchaser and the maker(s) of each Superior Bid:

- (a) an invitation to an auction of the Purchased Assets to be held on or before 5:00 p.m. (Toronto time) on December 11, 2017 at the offices of the Receiver (the "Auction");
- (b) a copy of the bid that the Receiver, acting in its sole and unfettered discretion, having regard to all the features of the bids, believes to be the most favourable

bid as between the Stalking Horse Bid and all the Superior Bids (the “**Lead Bid**”); and

- (c) a copy of a set of rules for the conduct of the Auction, established by the Receiver, acting in its sole and unfettered discretion, with a view of maximizing the purchase price for the Purchased Assets (the “**Auction Rules**”), provided that the Auction Rules shall in all events provide that: (i) all bids made at the Auction shall be in accordance with the terms and conditions of the Lead Bid, except for the aggregate purchase price which will be subject to improvement through bidding in the Auction; (ii) each bid made in the course of the Auction shall exceed the aggregate purchase price payable pursuant to the preceding bid (or, in the case of the first bid made at the Auction, the Lead Bid) by no less than ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00) solely for the purpose of determining the successful bid at the Auction; and (iii) the highest bid received at the Auction shall be the “winning bid” (the “**Winning Bid**”).

Upon acceptance of the Winning Bid at the Auction, there shall be a binding agreement of purchase and sale between the successful winning bidder (the “**Winning Bidder**”) and the Receiver (the “**Winning Bid Agreement**”), in which case the Winning Bid Agreement shall be constituted by:

- (a) this Agreement or the agreement of purchase and sale submitted to the Receiver by the Winning Bidder, as the case may be, and as amended pursuant to the Auction; and
- (b) the acceptance of the Winning Bid.

In the event that there is no Superior Bid lodged with the Receiver in accordance with section 6.2 hereof, the Sale Process Orders shall provide that this Agreement and the Purchaser shall be declared to be the Winning Bid, the Winning Bid Agreement and the Winning Bidder, as applicable.

Once the Winning Bid Agreement is determined, the Receiver will make a motion to the Court in order to obtain the Approval and Vesting Order.

6.4 Court-Specified Time Periods.

Where any of the time periods specified in sections 6.1 through 6.3 of this Agreement are subject to be established by Court Order, and in the event that the Court establishes a date different than the date set out in this Agreement, then the corresponding date established by such provisions of this Agreement shall be deemed to be amended to accord with the Court established date, provided that no such amendment shall be deemed to have occurred without the express written consent of the Purchaser if the effect of such amendment is to delay the Closing Date by any period greater than 15 days.

**ARTICLE 7
CLOSING ARRANGEMENTS**

7.1 Closing and Closing Procedure.

Closing shall take place at the Closing Time on the Closing Date at the offices of the Receiver's lawyers, Dentons Canada LLP, located in Toronto, Ontario, or at such other time or at such other place as the Parties may agree in writing.

7.2 Tender.

Any tender of documents or money under this Agreement may be made upon the Parties or their respective lawyers, and money shall be tendered by wire transfer of immediately available funds to the account specified by the receiving Party.

7.3 Receiver's Closing Deliverables.

The Receiver covenants to execute, where applicable, and deliver the following to the Purchaser at Closing or on such other date as expressly provided herein:

- (1) a copy of the issued and entered Approval and Vesting Order and the attached Receiver's Certificate;
- (2) a statement of adjustments prepared in accordance with section 4.5 hereof;
- (3) an undertaking by the Receiver to readjust the adjustments set out in section 4.5 hereof;
- (4) an assignment and assumption agreement for all Warranty Rights, Permits, Consents and Approvals pertaining to the Property (to the extent assignable) relating to the period from and after the Closing Date, and to the extent not assignable, an agreement to hold same in trust for the Purchaser;
- (5) a certificate from the Receiver, dated as of the Closing Date, certifying:
 - (a) that, except as disclosed in the certificate, the Receiver has not been served with any notice of appeal with respect to the Approval and Vesting Order or any notice of any application, motion or proceedings seeking to set aside or vary the Approval and Vesting Order or to enjoin, restrict or prohibit the Transaction;
 - (b) that all representations, warranties and covenants of the Receiver contained in this Agreement are true as of the Closing Time, with the same effect as though made on and as of the Closing Time; and
 - (c) the non-merger specified in Section 15.2 and elsewhere herein;
- (6) an acknowledgement, dated as of the Closing Date, that each of the conditions in section 8.1 hereof has been fulfilled, performed or waived as of the Closing Time; and

- (7) such further documentation relating to the completion of the Transaction as shall be otherwise referred to herein or required by the Purchaser, acting reasonably, Applicable Law or any Government Authority.

7.4 Purchaser's Closing Deliverables.

The Purchaser covenants to execute, where applicable, and deliver the following to the Receiver at Closing or on such other date as expressly provided herein:

- (1) the indefeasible payment and satisfaction in full of the Purchase Price according to section 4.3 hereof;
- (2) an undertaking by the Purchaser to readjust the adjustments set out in section 4.5 hereof;
- (3) an acknowledgement, dated as of the Closing Date, that each of the conditions in section 8.3 hereof has been fulfilled, performed or waived as of the Closing Time;
- (4) an assignment and assumption agreement for all Warranty Rights, Permits, Consents and Approvals pertaining to the Property (to the extent assignable) relating to the period from and after the Closing Date, and to the extent not assignable, an agreement to hold same in trust for the Purchaser;
- (5) a certificate from the Purchaser, dated as of the Closing Date, certifying:
 - (a) that all representations, warranties and covenants of the Purchaser contained in this Agreement are true as of the Closing Time, with the same effect as though made on and as of the Closing Time; and
 - (b) the non-merger specified in Section 15.2 and elsewhere herein;
- (6) if necessary, payment or evidence of payment of HST applicable to the Purchased Assets or, if applicable, appropriate tax exemption certificates with respect to HST in accordance with Article 5 hereof; and
- (7) such further documentation relating to the completion of the Transaction as shall be otherwise referred to herein or required by the Receiver, acting reasonably, Applicable Law or any Government Authority.

7.5 Receiver's Certificate.

Upon receipt of written confirmation from the Purchaser that all of the conditions contained in Section 8.3 have been satisfied or waived by the Purchaser, and upon satisfaction or waiver by the Receiver of all of the conditions contained in Section 8.1, the Receiver shall forthwith deliver to the Purchaser the Receiver's Certificate comprising Schedule "A" of the Approval and Vesting Order, and shall file same with the Court.

ARTICLE 8
CONDITIONS PRECEDENT TO CLOSING

8.1 Conditions in Favour of the Receiver.

The obligation of the Receiver to complete the Transaction is subject and conditional to the satisfaction of the following conditions on or before the Closing Date:

- (1) all the representations and warranties of the Purchaser contained in this Agreement shall be true and correct in all material respects on the Closing Date;
- (2) all the covenants of the Purchaser contained in this Agreement to be performed on or before the Closing Date shall have been duly performed by the Purchaser;
- (3) the Purchaser shall have complied with all the terms contained in this Agreement applicable to the Purchaser prior to the Closing Date;
- (4) there shall be no Claim, litigation or proceedings pending or threatened or order issued by a Governmental Authority against either of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper; and
- (5) the Court shall have issued the Sale Process Orders and the Approval and Vesting Order.

8.2 Conditions in Favour of Receiver Not Fulfilled.

If any of the conditions contained in section 8.1 hereof is not fulfilled on or prior to the Closing Date and such non-fulfillment is not directly or indirectly as a result of any action or omission of the Receiver, then the Receiver may, at its sole discretion, and without limiting any rights or remedies available to it at law or in equity:

- (a) terminate this Agreement by notice to the Purchaser, in which event the Receiver shall be released from its obligations under this Agreement to complete the Transaction; or
- (b) waive compliance with any such condition without prejudice to the right of termination in respect of the non-fulfillment of any other condition.

8.3 Conditions in Favour of the Purchaser.

The obligation of the Purchaser to complete the Transaction is subject and conditional to the satisfaction of the following conditions on or before the Closing Date:

- (1) all the representations and warranties of the Receiver contained in this Agreement shall be true and correct in all material respects on the Closing Date;

- (2) all the covenants of the Receiver contained in this Agreement to be performed on or before the Closing Date shall have been duly performed by the Receiver;
- (3) the Receiver shall have complied with all the terms contained in this Agreement applicable to the Receiver prior to the Closing Date;
- (4) there shall be no Claim, litigation or proceedings pending or threatened or order issued by a Governmental Authority against either of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper;
- (5) the Court shall have issued the Sale Process Orders and the Approval and Vesting Order; and
- (6) the Receiver shall have terminated the Hotel Lease and the Restaurant Lease, or the Receiver shall have obtained an Order of the Court terminating the Hotel Lease and the Restaurant Lease.

8.4 Conditions in Favour of Purchaser Not Fulfilled.

If any of the conditions contained in section 8.3 hereof is not fulfilled on or prior to the Closing Date and such non-fulfillment is not directly or indirectly as a result of any action or omission of the Purchaser, then the Purchaser may, in its sole discretion and without limiting its rights or remedies available at law or in equity:

- (a) terminate this Agreement by notice to the Receiver, in which event the Purchaser and the Receiver shall be released from their obligations under this Agreement to complete the Transaction; or
- (b) waive compliance with any such condition without prejudice to the right of termination in respect of the non-fulfillment of any other condition.

ARTICLE 9 REPRESENTATIONS & WARRANTIES OF THE RECEIVER

The Receiver represents and warrants to the Purchaser as follows, with the knowledge and expectation that the Purchaser is placing complete reliance thereon and, but for such representations and warranties, the Purchaser would not have entered into this Agreement:

- (1) the Receiver has all necessary power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary action on the part of the Receiver, subject to the Approval and Vesting Order. This Agreement is a valid and binding obligation of the Receiver enforceable in accordance with its terms;

- (2) the Receiver has been duly appointed by the Court, with the full right, power and authority to enter into this Agreement, perform its obligations hereunder and convey all right, title and interest of the Debtor in and to the Purchased Assets; and
- (3) the Receiver is not a non-resident of Canada for the purposes of the ITA.

ARTICLE 10 REPRESENTATIONS & WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Receiver as follows, with the knowledge and expectation that the Receiver is placing complete reliance thereon and, but for such representations and warranties, the Receiver would not have entered into this Agreement:

- (1) the Purchaser is a corporation duly formed and validly subsisting under the laws of the Province of Ontario;
- (2) the Purchaser has all necessary corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. Neither the execution of this Agreement nor the performance by the Purchaser of the Transaction will violate the Purchaser's constating documents, any agreement to which the Purchaser is bound, any judgment or order of a court of competent jurisdiction or any Government Authority, or any Applicable Law. The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement is a valid and binding obligation of the Purchaser enforceable in accordance with its terms; and
- (3) the Purchaser is or will be a registrant under Part IX of the ETA on the Closing Date.

ARTICLE 11 COVENANTS

11.1 Mutual Covenants.

Subject to Article 6 hereof, each of the Parties hereby covenants and agrees that, from the date hereof until Closing, each shall take all such actions as are necessary to have the Transaction approved in the Approval and Vesting Order on substantially the same terms and conditions as are contained in this Agreement, and to take all commercially reasonable actions as are within its power to control, and to use its commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with each of the conditions set forth in Article 8 hereof.

11.2 Receiver Covenants.

The Receiver hereby covenants and agrees that, from the date hereof until Closing, it shall take all such actions as are necessary to provide to the Purchaser all necessary information in respect of the Debtor and the Purchased Assets reasonably required to complete the applicable tax elections in accordance with Section 5.1 hereof and to execute all necessary forms related thereto.

11.3 Purchaser Covenants.

The Purchaser hereby covenants and agrees that, from the date hereof until the Closing Date, it shall take all such actions as are necessary to provide to the Receiver all necessary information in respect of the Purchaser reasonably required to complete the applicable tax elections in accordance with Section 5.1 hereof and to execute all necessary forms related thereto.

ARTICLE 12 POSSESSION AND ACCESS PRIOR TO CLOSING

12.1 Possession of Purchased Assets.

The Receiver shall remain in possession of the Purchased Assets until the Closing Time, at which time the Purchaser shall take possession of the Purchased Assets where situated. In no event shall the Purchased Assets be sold, assigned, conveyed or transferred to the Purchaser until all the conditions set out in the Approval and Vesting Order have been satisfied or waived and the Purchaser has satisfied or the Receiver has waived all the delivery requirements outlined in section 8.1 hereof.

12.2 Examination of Title and Access to the Purchased Assets.

- (1) The Purchaser acknowledges and agrees that it shall, at its own cost and expense (regardless of results), examine title to the Real Property, and satisfy itself as to the state thereof, satisfy itself as to outstanding work orders affecting the Lands, satisfy itself as to the use of the Lands being in accordance with applicable zoning requirements and satisfy itself that any and all buildings and structures on the Real Property may be insured to the satisfaction of the Purchaser.
- (2) The Purchaser and its agents and representatives may have reasonable access to the Purchased Assets during normal business hours in the Interim Period for the purpose of enabling the Purchaser, at its sole cost and expense (regardless of results), to conduct such non-destructive, non-invasive inspections of the Purchased Assets as it deems appropriate, provided that such inspections shall not unduly interfere (and the Purchaser undertakes to use its best efforts, which the Purchaser represents and warrants shall not be less than reasonable commercial efforts, not to so interfere) with the use, operation and enjoyment of the Purchased Assets by the Receiver. Such inspection may, if the Receiver so desires, be conducted in the presence of a representative of the Receiver.
- (3) The Purchaser covenants and agrees to repair or pay the costs to repair any damage occasioned during or resulting from the inspection of the Purchased Assets conducted by the Purchaser or its authorized representatives, as outlined above, and to return the Purchased Assets to substantially the condition same were in prior to such inspections. The Purchaser covenants and agrees to indemnify and save the Receiver harmless from and against all losses, costs, claims, third party claims, damages, expenses (including actual legal costs) which the Receiver may suffer as a result of the

inspection of the Purchased Assets conducted by the Purchaser or its authorized representatives, as outlined above.

12.3 Risk.

- (1) The Purchased Assets shall be and remain at the risk of the Receiver until Closing and at the risk of the Purchaser from and after Closing.
- (2) If, prior to Closing, the Purchased Assets are substantially damaged or destroyed by fire, casualty or otherwise, then, at its option, the Purchaser may decline to complete the Transaction. Such option shall be exercised within 15 calendar days after notification to the Purchaser by the Receiver of the occurrence of such damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 calendar days of the Closing Date), in which event this Agreement shall be terminated automatically. If the Purchaser does not exercise such option, it shall complete the Transaction and shall be entitled to an assignment of any proceeds of insurance referable to such damage or destruction. Where any damage or destruction is not substantial, the Purchaser shall complete the Transaction and shall be entitled to an assignment of any proceeds of insurance referable to such damage or destruction. For the purposes of this section, substantial damage or destruction shall be deemed to have occurred if the loss or damage to the Purchased Assets exceeds 15% of the total Purchase Price (inclusive of the Deposit).
- (3) If, prior to the Closing Date, all or a material part of the Real Property is expropriated or a notice of expropriation or intent to expropriate all or a material part of the Real Property is issued by any Governmental Authority, the Receiver shall immediately advise the Purchaser thereof by Notice in writing. The Purchaser shall, by Notice in writing given within three (3) Business Days after the Purchaser receives Notice in writing from the Receiver of such expropriation, elect to either: (i) complete the Transaction contemplated herein in accordance with the terms hereof without reduction of the Purchase Price, and all compensation for expropriation shall be payable to the Purchaser and all right, title and interest of the Receiver or Debtor to such amounts, if any, shall be assigned to the Purchaser on a without recourse basis; or (ii) terminate this Agreement and not complete the Transaction, in which case all rights and obligations of the Receiver and the Purchaser (except for those obligations which are expressly stated to survive the termination of this Agreement) shall terminate, and the Deposit together with all interest accrued thereon shall be returned to the Purchaser forthwith.

ARTICLE 13 AS IS, WHERE IS

13.1 Condition of the Purchased Assets.

The Purchaser acknowledges that the Receiver is selling and the Purchaser is purchasing the Purchased Assets on an "*as is, where is*" and "*without recourse*" basis as the Purchased Assets shall exist on the Closing Date, including, without limitation, whatever defects,

conditions, impediments, hazardous materials or deficiencies exist on the Closing Date, whether patent or latent. The Purchaser further acknowledges and agrees that it has entered into this Agreement on the basis that neither the Receiver nor the Debtor has guaranteed or will guarantee title to or marketability, use or quality of the Purchased Assets, that the Purchaser has conducted such inspections of the condition and title to the Purchased Assets as it deems appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrance, description, fitness for purpose, environmental compliance, merchantability, condition or quality, or in respect of any other matter or thing whatsoever concerning the Purchased Assets, or the right of the Receiver to sell, assign, convey or transfer same, save and except as expressly provided in this Agreement. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act*, R.S.O. 1990, c. S.1, do not apply hereto and/or have been waived by the Purchaser. The description of the Purchased Assets contained in this Agreement is for the purpose of identification only and no representation, warranty or condition has or will be given by the Receiver concerning the accuracy of such description.

ARTICLE 14 TERMINATION

14.1 Termination of this Agreement.

This Agreement may be validly terminated:

- (1) upon the mutual written agreement of the Parties;
- (2) pursuant to section 8.2 hereof by the Receiver;
- (3) pursuant to section 8.4 hereof by the Purchaser; or
- (4) pursuant to section 12.3 hereof.

14.2 Remedies for Breach of Agreement.

If this Agreement is terminated as a result of any breach of a representation, warranty, covenant or obligation of the Receiver, the Purchaser's right to pursue all legal remedies with respect to such breach shall survive such termination, and the Deposit together with all interest accrued thereon and without deduction, shall be returned by the Receiver to the Purchaser forthwith. If this Agreement is terminated as a result of a breach of a representation, warranty, covenant or obligation of the Purchaser, the Deposit shall be forfeited to the Receiver as liquidated damages and not as a penalty, which Deposit the Parties agree is a genuine estimate of the liquidated damages that the Receiver would suffer in such circumstances, and this shall be the Receiver's sole right and remedy pursuant to this Agreement or at law as a result of the Purchaser's breach.

14.3 Termination If No Breach of Agreement.

If the Purchaser is not determined to be the Winning Bidder, or if this Agreement is terminated other than as a result of a breach of a representation, warranty, covenant or obligation of one of the Parties, then:

- (1) the Deposit, together with all interest thereon, shall be returned by the Receiver to the Purchaser forthwith and all other obligations of each of the Receiver and the Purchaser hereunder shall end completely, except those that survive the termination of this Agreement; and
- (2) neither Party shall have any right to specific performance, to recover damages or expenses or to any other remedy (legal or equitable) or relief other than as expressly provided herein.

ARTICLE 15 GENERAL CONTRACT PROVISIONS

15.1 Further Assurances.

From time to time after Closing, each of the Parties shall execute and deliver such further documents and instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and which are not inconsistent with the terms hereof, including, at the Purchaser's request and expense, the Receiver shall execute and deliver such additional conveyances, transfers and other assurances as may, in the opinion of the Parties or their counsel, acting reasonably, be reasonably required to effectually carry out the intent of this Agreement and transfer the Purchased Assets to the Purchaser.

15.2 Survival Following Completion.

Notwithstanding any other provision of this Agreement, section 4.5, article 9, article 10, section 14.2 and section 14.3 shall survive the termination of this Agreement and the completion of the Transaction, provided, however, that upon the discharge of Farber as the Receiver, the Parties' respective obligations by reason of this Agreement shall end completely and they shall have no further or continuing obligations by reason thereof.

15.3 Notice.

All notices, requests, demands, waivers, consents, agreements, approvals, communications or other writings required or permitted to be given hereunder or for the purposes hereof (each, a "Notice") shall be in writing and be sufficiently given if personally delivered, sent by prepaid registered mail or transmitted by email, addressed to the Party to whom it is given, as follows:

(a) to the Receiver:

A. Farber & Partners Inc.
150 York Street, Suite 1600
Toronto, ON M5H 3S5

Attention: Stuart Mitchell and John Hendriks
Tel: (416) 496-3774 / (416) 496-3701
Email: smitchell@farberfinancial.com / jhendriks@farberfinancial.com

and a copy to the Receiver's counsel to:

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Attention: Ken Kraft and Sara-Ann Van Allen
Tel: (416) 863-4374 / (416) 863-4673
Email: sara.vanallen@dentons.com / kenneth.kraft@dentons.com

(b) to the Purchaser:

650 Bay Holdco Inc.
401 Bay Street, Suite 2410
Toronto, ON M5H 2Y4

Attention: Gerard Lee
Email: gerard.lee@lalucanada.com

and a copy to the Purchaser's counsel to:

Aird & Berlis LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Steven L. Graff, Ian Aversa and Jeremy Nemers
Tel: (416) 865-7726 / (416) 865-3082 / (416) 865-7724
Email: sgraff@airdberlis.com / iaversa@airdberlis.com / jnemers@airdberlis.com

or such other address of which Notice has been given. Any Notice mailed as aforesaid will be deemed to have been given and received on the third Business Day following the date of its mailing. Any Notice personally delivered will be deemed to have been given and received on the day it is personally delivered, provided that if such day is not a Business Day, the Notice will be deemed to have been given and received on the Business Day next following such day. Any

Notice transmitted by email will be deemed given and received on the first Business Day after its transmission.

If a Notice is mailed and regular mail service is interrupted by strike or other irregularity on or before the fourth Business Day after the mailing thereof, such Notice will be deemed to have not been received unless otherwise personally delivered or transmitted by email.

15.4 Waiver.

No Party will be deemed or taken to have waived any provision of this Agreement unless such waiver is in writing and such waiver will be limited to the circumstance set forth in such written waiver.

15.5 Consent.

Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit or the requirement for such consent is not required pursuant to the terms of the Sale Process Orders or the Approval and Vesting Order, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

15.6 Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Parties irrevocably attorn to the jurisdiction of the courts of the Province of Ontario sitting in Toronto. The Parties consent to the exclusive jurisdiction and venue of the Court for the resolution of any disputes between them, regardless of whether or not such disputes arose under this Agreement.

15.7 Entire Agreement.

This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings between the Parties. There are not and will not be any verbal statements, representations, warranties, undertakings or agreements between the Parties. This Agreement may not be amended or modified in any respect except by written instrument signed by the Parties. The recitals herein are true and accurate, both in substance and in fact.

15.8 Time of the Essence.

Time will be of the essence, provided that if the Parties establish a new time for the performance of an obligation, time will again be of the essence of the new time established.

15.9 Time Periods.

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

15.10 Assignment.

This Agreement will enure to the benefit of and be binding on the Parties and their respective heirs, executors, legal and personal administrators, successors and permitted assigns. The Purchaser may not assign this Agreement without the Receiver's prior written approval. Up until Closing, the Purchaser shall have the right to direct that title to the Real Property be taken in the name of another person, entity, joint venture, partnership or corporation (presently in existence or to be incorporated) provided that, (a) the assignee shall, in writing, agree to assume and be bound by the terms and conditions of this Agreement (the "**Assumption Agreement**") and a copy of such Assumption Agreement is delivered to the Receiver forthwith after having been entered into, and (b) the Purchaser shall remain liable for all obligations and liabilities hereunder.

15.11 Expenses.

Except as otherwise set out in this Agreement, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses.

15.12 Severability.

If any portion of this Agreement is prohibited in whole or in part in any jurisdiction, such portion shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining portions of this Agreement and shall, as to such jurisdiction, be deemed to be severed from this Agreement to the extent of such prohibition.

15.13 No Strict Construction.

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

15.14 Cumulative Remedies.

Unless otherwise expressly stated in this Agreement, no remedy conferred upon or reserved to one or both of the Parties is intended to be exclusive of any other remedy, but each remedy shall be cumulative and in addition to every other remedy conferred upon or reserved hereunder, whether such remedy shall be existing or hereafter existing, and whether such remedy shall become available under common law, equity or statute.

15.15 Currency.

All references to dollar amounts contained in this Agreement shall be deemed to refer to lawful currency of Canada.

15.16 Receiver's Capacity.

It is acknowledged by the Purchaser that the Receiver is entering into this Agreement solely in its capacity as Court-appointed receiver and that the Receiver shall have absolutely no personal or corporate liability under or as a result of this Agreement in any respect.

15.17 Planning Act.

This Agreement is to be effective only if the provisions of the *Planning Act*, R.S.O. 1990, c. P.13, as amended, are complied with.

15.18 No Third Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns. Nothing in this Agreement shall be construed to create any rights or obligations except amongst the Parties and no other person or entity shall be regarded as a third party beneficiary of this Agreement.

15.19 Number and Gender.

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation."

15.20 Counterparts.

This Agreement may be executed in counterparts and by facsimile or PDF, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

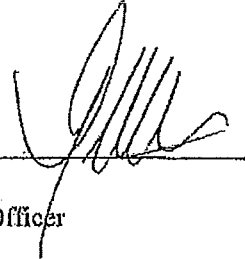
[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF the Purchaser has duly executed this Agreement as of the date first above written.

650 BAY HOLDCO INC.

Per: _____

Name: Gerard Lee
Authorized Signing Officer

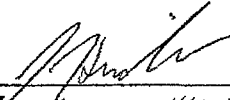


ACCEPTED by the Receiver this 10th day of ~~October, 2017~~ JANUARY, 2018

A. FARBER & PARTNERS INC., solely in its capacity as the Court-appointed receiver of the Debtor, and not in its personal capacity or in any other capacity

Per: _____

Name: JOHN HENRIKSS, CPA, CA, CIRP, LIT
Title: MANAGING DIRECTOR



**SCHEDULE "A"
APPROVAL AND VESTING ORDER**

Court File No. CV-17-11811-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE

)
)
)

DAY, THE
DAY OF 2017

BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

APPROVAL AND VESTING ORDER

THIS MOTION, made by A. Farber & Partners Inc., in its capacity as the Court-appointed receiver (in such capacity, the "Receiver"), without security, of all the assets, undertakings and properties of 2220277 Ontario Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, for an order, *inter alia*, approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale between the Receiver, as vendor, and 650 Bay Holdco Inc. (the "Purchaser"), as purchaser, dated October 3, 2017 (the "Sale Agreement"), a copy of which is attached as Confidential Appendix "A" to

the Report of the Receiver dated [REDACTED], 2017 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the property described as the "Purchased Assets" in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and appendices thereto, and on hearing the submissions of counsel for the Receiver and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [REDACTED] sworn [REDACTED], 2017, filed,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, or as it may direct.
2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, including, without limitation, all of the Debtor's right, title and interest in and to the Real Property (as defined herein) listed on Schedule B hereto, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial

or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “Claims”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Mesbur made August 1, 2017; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule “C” hereto (all of which are collectively referred to as the “Encumbrances”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule “D”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the appropriate Land Titles Division of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule “B” hereto (the “Real Property”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule “C” hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser, or as it may direct, pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other

applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

Schedule "A" – Form of Receiver's Certificate

Court File No. CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

RECEIVER'S CERTIFICATE

RECITALS

- I. Pursuant to an Order of the Honourable Justice Mesbur of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 1, 2017, A. Farber & Partners Inc. ("**Farber**") was appointed as receiver (in such capacity, the "**Receiver**"), without security, of all of the assets, undertakings and properties of 2220277 Ontario Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including the proceeds thereof (the "**Property**").
- II. Pursuant to an Order of the Court dated ~~2017~~, 2017, the Court approved the agreement of purchase and sale between the Receiver, as vendor, and 650 Bay Holdco Inc. (the "**Purchaser**"), as purchaser, dated October 3, 2017 (the "**Sale Agreement**"), and provided for the vesting in the

Purchaser of all the Debtor's right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

A. FARBER & PARTNERS INC., solely in its capacity as the Court-appointed receiver of the Debtor, and not in its personal capacity or in any other capacity

Per: _____

Name:

Title:

Schedule "B" – Legal Description of the Real Property

PIN 21199-0067 (LT)

PT LT 2 PL 60 TORONTO AS IN CA720524; CITY OF TORONTO

Schedule "C" – Instruments to Be Deleted from Title to Real Property

Reg. No.	Date	Type	Amount	Parties From	Parties To
AT2228544	2009/11/13	Trans Power Sale	\$2,425,000	B & M HANDELMAN INVESTMENTS LIMITED JRS CAPITAL MANAGEMENT CORP. HARZAHAV HOLDINGS INC. M. HIMEL HOLDINGS INC. UNION FELT PRODUCTS INC. BRENKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530468 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. LEDMAR INVESTMENTS INC. SHARJOD HOLDINGS INC. FLORDALE HOLDINGS LIMITED RABARDO CORPORATION	2220277 ONTARIO INC.
AT2228545	2009/11/13	Charge	\$2,100,000	2220277 ONTARIO INC.	B & M HANDELMAN INVESTMENTS LIMITED JRS CAPITAL MANAGEMENT CORP. HARZAHAV HOLDINGS INC. M. HIMEL HOLDINGS INC. UNION FELT PRODUCTS INC. BRENKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530468 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. LEDMAR INVESTMENTS INC. SHARJOD HOLDINGS INC. FLORDALE HOLDINGS LIMITED RABARDO CORPORATION
AT2960459	2012/03/06	Charge	\$1,200,000	2220277 ONTARIO INC.	VISRAM, ZAHERALI
AT2962763	2012/03/09	Charge	\$625,000	2220277 ONTARIO INC.	932005 ONTARIO INC.
AT2986827	2012/04/11	Postponement		932005 ONTARIO INC.	VISRAM, ZAHERALI
AT3095262	2012/08/07	Notice	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI
AT3095296	2012/08/07	Postponement		932005 ONTARIO INC.	VISRAM, ZAHERALI
AT3141028	2012/10/01	Notice	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI
AT3141050	2012/10/01	Postponement		932005 ONTARIO INC.	VISRAM, ZAHERALI
AT3195583	2012/12/12	Charge	\$100,000	2220277 ONTARIO INC.	HARBOUR FIRST MORTGAGE FUND GP INC.
AT3195584	2012/12/12	No Assgn Rent Gen		2220277 ONTARIO INC.	HARBOUR FIRST MORTGAGE FUND GP INC.
AT3292231	2013/05/03	Charge	\$100,000	2220277 ONTARIO INC.	GOLDCARD INC.
AT3413716	2013/09/24	Charge	\$2,500,000	2220277 ONTARIO INC.	CVC ARDELLINI INVESTMENTS INC.
AT3413748	2013/09/24	No Assgn Rent Gen		2220277 ONTARIO INC.	CVC ARDELLINI INVESTMENTS INC.

AT3894600	2015/05/28	Transfer of Charge		B & M HANDELMAN INVESTMENTS LIMITED JRS CAPITAL MANAGEMENT CORP. HARZAHAV HOLDINGS INC. M. HIMEL HOLDINGS INC. UNION FELT PRODUCTS INC. BRENKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530468 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. LEDMAR INVESTMENTS INC. SHARJOD HOLDINGS INC. FLORDALE HOLDINGS LIMITED RABARDO CORPORATION	VISRAM, ZAHERALI
AT3894601	2015/05/28	Notice	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI
AT4005932	2015/09/10	Charge	\$525,000	2220277 ONTARIO INC.	ACCOMPLISH CAPITAL INC.
AT4065515	2015/11/13	Charge	\$600,000	2220277 ONTARIO INC.	9480536 CANADA INC.
AT4297814	2016/08/02	Charge	\$5,500,000	2220277 ONTARIO INC.	AM-STAT CORPORATION
AT4297815	2016/08/02	No Assgn Rent Gen		2220277 ONTARIO INC.	AM-STAT CORPORATION
AT4522643	2017/03/29	Notice		9480536 CANADA INC.	2220277 ONTARIO INC.
AT4645669	2017/08/02	Apl Court Order		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	A. FARBER & PARTNERS INC.

Schedule "D" – Permitted Encumbrances, Easements and Restrictive Covenants

Reg. No.	Date	Type	Amount	Parties From	Parties To
63BA1267	1978/05/31	Plan Boundaries Act			
CA65043	1989/12/08	Agreement			CITY OF TORONTO

SCHEDULE "B"
PERMITTED ENCUMBRANCES

Reg. No.	Date	Type	Amount	Parties From	Parties To
63BA1267	1978/05/31	Plan Boundaries Act			
CA65043	1989/12/08	Agreement			CITY OF TORONTO

C-1

30494389.4

THIS IS **EXHIBIT F**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018


A COMMISSIONER, ETC.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE Mr.)
JUSTICE Hainey)

MONDAY, THE 29th
DAY OF JANUARY, 2018

BETWEEN:

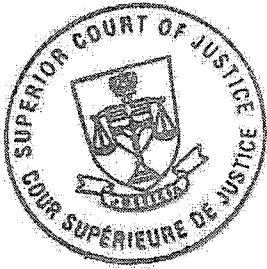
ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent



APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

APPROVAL AND VESTING ORDER

THIS MOTION, made by A. Farber & Partners Inc., in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and properties of 2220277 Ontario Inc. (the “**Debtor**”) acquired for, or used in relation to a business carried on by the Debtor, for an order, *inter alia*, approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale between the Receiver, as vendor, and 650 Bay Holdco Inc. (the “**Purchaser**”), as purchaser, dated October 3, 2017 (the “**Sale Agreement**”), a copy of which is attached as Appendix “F” to the Sixth Report of the Receiver dated January 17, 2018 (the “**Sixth Report**”), and vesting in the Purchaser, or as

it may direct, the Debtor's right, title and interest in and to the property described as the "Purchased Assets" in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Sixth Report and appendices thereto, and on hearing the submissions of counsel for the Receiver, the Purchaser, the Applicant and such other counsel as were present,

1. **THIS COURT ORDERS** that the timing and method of service of the Notice of Motion and Motion Record be and is hereby abridged and validated and this Motion is properly returnable today.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, or as it may direct
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, including, without limitation, all of the Debtor's right, title and interest in and to the Real Property (as defined herein) listed on Schedule "**B**" hereto, shall vest absolutely in the Purchaser, or as it may direct, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**")

including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Mesbur dated August 1, 2017; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on **Schedule “C”** hereto (all of which are collectively referred to as the “**Encumbrances**”, which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule “D”**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the appropriate Land Titles Division of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser, or as it may direct, as the owner of the subject real property identified in **Schedule “B”** hereto (the “**Real Property**”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule “C”** hereto.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser, or as it may direct, pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

A handwritten signature in cursive script, appearing to read "Hainey J.", is written over a horizontal line.

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

JAN 29 2018

PER / PAR:

Handwritten initials "MB" in a cursive style.

Schedule "A" – Form of Receiver's Certificate

Court File No. CV-17-11811-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ZAHERALI VISRAM

Applicant

- and -

2220277 ONTARIO INC.

Respondent

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 C. B-3, AS AMENDED, AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C-43, AS AMENDED

RECEIVER'S CERTIFICATE

RECITALS

- I. Pursuant to an Order of the Honourable Justice Mesbur of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 1, 2017, A. Farber & Partners Inc. ("**Farber**") was appointed as receiver (in such capacity, the "**Receiver**"), without security, of all of the assets, undertakings and properties of 2220277 Ontario Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including the proceeds thereof (the "**Property**").
- II. Pursuant to an Order of the Court dated January 29, 2018, the Court approved the agreement of purchase and sale between the Receiver, as vendor, and 650 Bay Holdco Inc. (the

“Purchaser”), as purchaser, dated October 3, 2017 (the “Sale Agreement”), and provided for the vesting in the Purchaser, or as it may direct, of all the Debtor’s right, title and interest in and to the Purchased Assets (as defined in the Sale Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

A. FARBER & PARTNERS INC., solely in its capacity as the Court-appointed receiver of the Debtor, and not in its personal capacity or in any other capacity

Per:

Name:

Title:

Schedule "B" – Legal Description of the Real Property

PIN 21199-0067 (LT)

PT LT 2 PL 60 TORONTO AS IN CA720524; CITY OF TORONTO

Schedule "C" – Instruments to Be Deleted from Title to Real Property

Reg. No.	Date	Type	Amount	Parties From	Parties To
AT2228544	2009/11/13	Trans Power Sale	\$2,425,000	B & M HANDELMAN INVESTMENTS LIMITED JRS CAPITAL MANAGEMENT CORP. TEPERMAN, MARVIN HARZAHAV HOLDINGS LIMITED M. HIMEL HOLDINGS INC. UNION FELT PRODUCTS INC. BRENKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530468 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. LEDMAR INVESTMENTS INC. SHARJOD HOLDINGS INC. FLORDALE HOLDINGS LIMITED RABARDO CORPORATION	2220277 ONTARIO INC.
AT2228545	2009/11/13	Charge	\$2,100,000	2220277 ONTARIO INC.	B & M HANDELMAN INVESTMENTS LIMITED JRS CAPITAL MANAGEMENT CORP. TEPERMAN, MARVIN HARZAHAV HOLDINGS LIMITED M. HIMEL HOLDINGS INC. UNION FELT PRODUCTS INC. BRENKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530468 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. LEDMAR INVESTMENTS INC. SHARJOD HOLDINGS INC. FLORDALE HOLDINGS LIMITED RABARDO CORPORATION
AT2960459	2012/03/06	Charge	\$1,200,000	2220277 ONTARIO INC.	VISRAM, ZAHERALI
AT2962763	2012/03/09	Charge	\$625,000	2220277 ONTARIO INC.	932005 ONTARIO INC.
AT2986827	2012/04/11	Postponement		932005 ONTARIO INC.	VISRAM, ZAHERALI
AT3095262	2012/08/07	Notice	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI
AT3095296	2012/08/07	Postponement		932005 ONTARIO INC.	VISRAM, ZAHERALI
AT3141028	2012/10/01	Notice	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI
AT3141050	2012/10/01	Postponement		932005 ONTARIO INC.	VISRAM, ZAHERALI
AT3292231	2013/05/03	Charge	\$100,000	2220277 ONTARIO INC.	GOLDCARD INC.
AT3413716	2013/09/24	Charge	\$2,500,000	2220277 ONTARIO INC.	CVC ARDELLINI INVESTMENTS INC.
AT3413748	2013/09/24	No Assgn Rent Gen		2220277 ONTARIO INC.	CVC ARDELLINI INVESTMENTS INC.

AT3894600	2015/05/28	Transfer of Charge		B & M HANDELMAN INVESTMENTS LIMITED JRS CAPITAL MANAGEMENT CORP. TEPERMAN, MARVIN HARZAHAV HOLDINGS LIMITED M. HIMEL HOLDINGS INC. UNION FELT PRODUCTS INC. BRENKIDS INC. STEELE VALLEY DEVELOPMENTS LIMITED 1530468 ONTARIO LTD. GOLDMAN, JENNIFER STANDING DEVELOPMENTS INC. LEDMAR INVESTMENTS INC. SHARJOD HOLDINGS INC. FLORDALE HOLDINGS LIMITED RABARDO CORPORATION	VISRAM, ZAHERALI
AT3894601	2015/05/28	Notice	\$2	2220277 ONTARIO INC.	VISRAM, ZAHERALI
AT4005932	2015/09/10	Charge	\$525,000	2220277 ONTARIO INC.	ACCOMPLISH CAPITAL INC.
AT4065515	2015/11/13	Charge	\$600,000	2220277 ONTARIO INC.	9480536 CANADA INC.
AT4297814	2016/08/02	Charge	\$5,500,000	2220277 ONTARIO INC.	AM-STAT CORPORATION
AT4297815	2016/08/02	No Assgn Rent Gen		2220277 ONTARIO INC.	AM-STAT CORPORATION
AT4522643	2017/03/29	Notice		9480536 CANADA INC.	2220277 ONTARIO INC.
AT4645669	2017/08/02	Apl Court Order		ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)	A. FARBER & PARTNERS INC.
AT4700161	2017/10/05	Transfer of Charge		AM-STAT CORPORATION	LALU CANADA INC.
AT4704662	2017/10/13	Notice Assignment of Rents-General		AM-STAT CORPORATION	LALU CANADA INC.

Schedule "D" – Permitted Encumbrances, Easements and Restrictive Covenants

Reg. No.	Date	Type	Amount	Parties From	Parties To
63BA1267	1978/05/31	Plan Boundaries Act			
CA65043	1989/12/08	Agreement			CITY OF TORONTO

Court File No: CV-17-11811-00CL

ZAHERALI VISRAM
Applicant

- and -

2220277 ONTARIO INC.
Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

APPROVAL AND VESTING ORDER

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Kenneth Kraft (LSUC # 31919P)
Tel: (416) 863-4374
Fax: (416) 863-4592
kenneth.kraft@dentons.com

Sara-Ann Van Allen (LSUC # 56016C)
Tel: (416) 863-4402
sara.vanallen@dentons.com

*Lawyers for A. Farber & Partners Inc., Court Appointed
Receiver of 2220277 Ontario Inc.*

THIS IS **EXHIBIT G**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018



A COMMISSIONER, ETC.

AGREEMENT OF PURCHASE AND SALE AMENDING AGREEMENT ("Agreement")

Dated the 28th day of February, 2018

BETWEEN:

A. FARBER & PARTNERS INC. in its capacity as the Court-appointed receiver of 2220277 Ontario Inc.

(the "Receiver")

- and -

650 BAY HOLDCO INC.

(the "Purchaser")

WHEREAS:

- (a) The Receiver and the Purchaser entered into the Agreement of Purchase and Sale, dated October 3, 2017 (the "Purchase Agreement");
- (b) The Purchaser requested an initial extension of the Closing Date to February 28, 2018, which was agreed to by the Receiver;
- (c) The Purchaser requested a further extension of the Closing Date to March 16, 2018; and
- (d) The Receiver agreed to the Purchaser's request for a further extension, subject to the terms set forth herein.

NOW THEREFORE, in consideration of the premises and covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties agree as follows:

1. Definitions

1.1 Capitalized terms used herein, including the recitals hereto, shall have the meanings ascribed thereto in the Purchase Agreement, as amended hereby, unless otherwise defined herein.

2. Deposit

2.1 Within one (1) Business Day of the date of this Agreement, the Purchaser shall pay to the Receiver, by bank draft or wire transfer of immediately available funds, an additional deposit of \$300,000 (the "Additional Deposit").

2.2 All references to "Deposit" in the Purchase Agreement shall include both the Deposit and the Additional Deposit.

3. Extension Fee

3.1 As consideration for the Receiver's agreement to an extension of the Closing Date, the Purchaser shall pay to the Receiver, by bank draft or wire transfer of immediately available funds, an extension fee of \$25,000 (the "Extension Fee"). The Extension Fee is due and payable within one (1) Business Day of the date of this Agreement.

4. Adjustments

4.1 Section 4.5(1) of the Purchase Agreement is hereby amended to provide that the Purchase Price shall be adjusted as of February 28, 2018.

5. Miscellaneous

5.1 This Agreement is supplemental to the Purchase Agreement and forms part of, and has the same effect as though incorporated in, the Purchase Agreement. Except as amended hereby, the Purchase Agreement remains in full force and effect and is hereby ratified and confirmed in all respects.

5.2 Time shall be of the essence of this Agreement.

5.3 This Agreement shall become effective as of the date hereof.

5.4 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.

5.5 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. The delivery of a facsimile or other electronic copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement.

[Signature page follows]

The parties have executed this Agreement as of the date first above written

A. FARBER & PARTNERS INC, solely in its capacity as the court-appointed receiver of 2220277 Ontario Inc., and not in its personal or corporate capacity

Per:

Name:

Title:

Stuart Mitchell
STUART MITCHELL
Senior Managing Director

I have authority to bind the corporation

650 BAY HOLDCO INC.

Per:

Name:

Title:

[Signature]
Lef Guro
Director

I have authority to bind the corporation

THIS IS **EXHIBIT H**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018


A COMMISSIONER, ETC.



401 BAY STREET, SUITE 2410, BOX 24
TORONTO, ONTARIO M5H 2Y4
WWW.GOLDMANHINE.COM

Robert P. Hine
T: 416-867-8632 (direct)
T: 416-867-9700 (general)
F: 416-867-9103
r.hine@goldmanhine.com

October 11, 2017

Our File No.: 172996

Via Email and Fax (905) 276-2298

Keyser Mason Ball LLP
Barristers & Solicitors
4 Robert Speck Blvd., Suite 1600
Mississauga, Ontario L4Z 1S1

Attention: **Evan Karras**

Re: In the Matter of an Arbitration Pursuant to Section 17.2 of the Amended and Restated Limited Partnership Agreement, Effective as of July 29, 2016, between 650 Bay GP Inc., 9329293 Canada Inc., Evan Karras et al. (the "Limited Partnership Agreement")

Dear Sir,

We act for 650 Bay Limited Partnership and 650 Bay GP Inc.

Please find attached our clients' Notice of Arbitration served upon you pursuant to Article 14 of the Limited Partnership Agreement. I will shortly advise of the arbitrator whom I propose be appointed by the parties.

Yours truly,

GOLDMAN HINE LLP

A handwritten signature in black ink, appearing to be "RPH", written over the printed name "GOLDMAN HINE LLP".

Robert P. Hine

RPH:
cc. client
cc. Amy Delisle
cc. Alfred Schorr

**IN THE MATTER OF AN ARBITRATION PURSUANT TO SECTION 17.2 OF THE
AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT, DATED
JULY 29, 2016**

BETWEEN:

650 BAY LIMITED PARTNERSHIP and 650 BAY GP INC.

Claimants

and

9329293 CANADA INC. and EVAN KARRAS

Respondents

NOTICE OF ARBITRATION

WHEREAS the 650 Bay Limited Partnership (“**650 Bay LP**”) was constituted by the filing of a Declaration on July 12, 2016 and was registered as a limited partnership under the laws of the Province of Ontario;

AND WHEREAS 650 Bay GP Inc., as General Partner of 650 Bay LP (“**650 Bay GP**”), and, *inter alia*, 9329293 Canada Inc. (“**932 Canada**”), as Limited Partner, and Evan Karras (“**Karras**”), as Principal of 932 Canada, have entered into an Amended and Restated Limited Partnership Agreement, dated as of July 29, 2016 (the “**650 Bay LP Agreement**”);

AND WHEREAS 932 Canada is the beneficial owner of one limited partnership unit (an “**LP Unit**”) out of a total of 6,501 issued and outstanding LP Units in 650 Bay LP, which sole LP unit is held by 2220277 Ontario Inc. (“**222 Ontario**”) as bare trustee and nominee for 932 Canada;

AND WHEREAS neither of the Respondents holds any shares of 650 Bay GP, or has any other interest therein, either directly or beneficially;

AND WHEREAS the Claimant, 650 Bay LP, is the sole beneficial owner of properties municipally known as 57 Elm Street (“**57 Elm**”), 59 Elm Street (“**59 Elm**”) and 61 Elm Street (“**61 Elm**”), in the City of Toronto, in the Province of Ontario (collectively, the “**Elm Street Properties**”);

AND WHEREAS title to 57 Elm is registered and held by 57 Elm HoldCo Inc. (“**57 ElmCo**”), title to 59 Elm is registered and held by 59 Elm HoldCo Inc. (“**59 ElmCo**”) and title to 61 Elm is registered and held by 61 Elm HoldCo Inc. (“**61 ElmCo**”);

AND WHEREAS the Claimant, 650 Bay GP, is the sole shareholder of each of 57 ElmCo, 59 ElmCo and 61 ElmCo (collectively, the “**Nominees**”), which corporations are the registered title holders to the Elm Street Properties as nominee and bare trustee for the Claimant, 650 Bay LP;

AND WHEREAS the General Partner, 650 Bay GP, may, pursuant to Section 17.2 of the 650 Bay LP Agreement, submit the Partners, as defined in the 650 Bay LP Agreement, to binding arbitration with respect to matters pertaining to the assets and undertaking of the Partnership and the rights of the Limited Partners;

17.2 Arbitration

In the event of any dispute, claim, question or difference between or among any parties relating to any matter, other than the fair market value of a Partnership Interest, which is subject to Section 6.13, may be settled by Arbitration under this Agreement and any Partner may, by written notice (the “**Arbitration Notice**”) to the other party or parties, require same to be settled by arbitration pursuant to and in accordance with the provisions of the *Arbitrations Act, 1991* (Ontario).

AND WHEREAS disputes have arisen between the parties to the 650 Bay LP Agreement concerning matter to which Section 17.2 applies;

NOW THEREFORE 650 Bay GP hereby commences the within arbitration pursuant to section 17.2 of the 650 Bay LP Agreement, as general partner, and in the name of, and on behalf of, 650 Bay LP.

CLAIM

1. The Claimants claim against the Respondents:
 - a. Damages for breach of contract, breach of trust, conversion, misrepresentation and unjust enrichment and slander of title in the amount of \$5,000,000, or such other amount as may be determined by the Arbitrator;
 - b. An Arbitral Award declaring that the Respondents, or either of them, directly or indirectly, either in person or through a corporation or corporations of which Karras is a sole directing mind, have improperly purported to lease residential and commercial space in the Elm Street Properties to third parties without the knowledge, consent or authority of the Claimants or of the Nominees;
 - c. An Arbitral Award declaring that the Respondents, directly or indirectly, either in person or through a corporation or corporations of which Karras is a directing mind, have improperly occupied and improperly continues to occupy all, or a portion of, the premises of 61 Elm without authority and without paying occupation rent or other remuneration to the Claimants or to 61 ElmCo;
 - d. An Arbitral Award declaring that the Respondents have been improperly collecting rent and other money, or has improperly caused rent and other money to be collected (the "**Illegal Rent**"), from tenants occupying the Elm Street Properties and have been converting these funds to their own use, or for their own benefit, without the knowledge, consent or authority of the Claimants or of the

Nominees, which improper conduct is continuing as of the date of this Notice of Arbitration;

- e. An Arbitral Award declaring that all of the past and continuing payments constituting the Illegal Rent are subject to a constructive or resulting trust in favour of the Claimants, or of the Nominees, arising by operation of law;
- f. An Arbitral Award declaring that the Respondents have no interest in the Elm Street Properties that would entitle the Respondents to register a certificate of pending litigation or a caution on title to any of the Elm Street Properties;
- g. An Arbitral Award directing the tracing and accounting of all Illegal Rent and directing the Respondents to disgorge to the Claimants all Illegal Rent which the Respondents, or either of them, have collected, or which they have caused to be collected, as of the date of the Award;
- h. An Arbitral Award directing the Respondents to provide the Claimants with vacant possession of 61 Elm or otherwise to vacate such premises at 61 Elm as the Respondents are occupying, directly or indirectly, either in person or through a corporation or corporations of which he is the sole directing mind;
- i. An Arbitral Award directing the Respondent, 932 Canada, to deliver, or to cause to be delivered, to 650 Bay GP the sole limited partnership unit in the 650 Bay LP of which 932 Canada is the beneficial owner;
- j. An Interim Arbitral Award directing Karras to forthwith discharge or vacate the caution which Karras caused to be registered on title to each of the Elm Street Properties on September 1, 2017 and to pay damages for unlawful occupancy and

falsely purporting to lease property beneficially owned by 650 Bay LP;

- k. An Interim Arbitral Award directing the Respondents to produce to the Claimants copies of all leases and any other agreements which the Respondents, or either of them, has entered into, or which either Respondent has caused any corporation to enter into, with any and all tenants of the Elm Street Properties;
- l. An interim Arbitral Award directing the Respondents to cease holding themselves out, either directly or indirectly, to members of the public, including any and all tenants of the Elm Street Properties, as a representatives or agents of the Claimants or of the Nominees, or as legal or beneficial owners of any of the Elm Street Properties;
- m. An interim Arbitral Award directing the Respondents to cease interfering with the Claimants' management of the Elm Street Properties and restraining the Respondents from, directly or indirectly, purporting to sell, transfer, assign, gift, pledge, mortgage, lease or, in any way, waste, alienate or encumber any of the Elm Street Properties without further order of the Arbitrator or the written consent of the Claimants;
- n. An Interim Arbitral Award directing the Respondents to:
 - i. Preserve any and all banking, financial, accounting, bookkeeping and other business records, including, but not limited to all bank statements, income tax returns, ledgers, Minute Books, corporate resolutions, financial statements and invoices of each of the Respondents (collectively the **"Business Records"**);

- ii. Requiring the Respondents to produce and deliver up to the Claimants copies of the Business Records at the Respondents' expense; and
- iii. Restraining the Respondents from trespassing on the Elm Street Properties, either directly, or by causing their agents or representatives to do so;
- o. Such interim, interlocutory or permanent injunctive orders as may be deemed necessary to give effect to any of the above relief or to restrain the Respondents from taking any further wrongful actions;
- p. Pre- and post-judgment interest in accordance with the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended, including particularly ss. 128 and 129, respectively;
- q. Costs of this Arbitration on a full indemnity basis, including HST and any other applicable taxes; and
- r. Such further and other relief as the Arbitrator deems just.

The Parties

2. 650 Bay LP was established for the purposes of acquiring and redeveloping four adjoining properties, comprising the three Elm Street Properties, as well as property municipally known at 55 Elm Street/650 Bay Street, in the City of Toronto, in the Province of Ontario ("**650 Bay Street**"). Legal descriptions of the Elm Street Properties and of 650 Bay Street are attached hereto as Schedule "A".
3. 650 Bay LP consists of a general partner, 650 Bay GP, and two limited partners, 650 Bay

Lalu LP Holdings Inc. ("**Lalu Holdings**"), and the Respondent, 932 Canada (collectively, the "**Limited Partners**"). Lалу Holdings is a wholly-owned subsidiary of Lалу Canada Inc. ("**Lalu Canada**"), which is a developer of commercial and residential properties.

4. As of the date of this Notice of Arbitration, a total of 6,501 LP Units have been subscribed for and issued. Lалу Holdings is the holder of 6,500 LP Units.
5. 932 Canada is the beneficial holder of a single LP Unit, which is held by 222 Ontario as nominee and bare trustee for 932 Canada. 222 Ontario also is the registered title holder to 650 Bay Street.
6. On August 1, 2017, A. Farber & Partners Inc. (the "**Receiver**") was appointed receiver of all of the assets, business and affairs of 222 Ontario by Order of the Honourable Justice Mesbur.
7. The Respondent, Karras, is the sole shareholder and sole directing mind of both 932 Canada and 222 Ontario.

The 650 Bay LP Agreement and the Evan Transfer Agreement

8. The General Partner, 650 Bay GP, the two limited partners, Lалу Holdings and 932 Canada, Karras, and the Nominees are all parties to the 650 Bay LP Agreement, made as of July 29, 2017.
9. The Claimants, the Respondents and 222 Ontario also entered into a Share Transfer Agreement, made as of July 29, 2017 (the "**Evan Transfer Agreement**"), pursuant to which Karras was to sell all of the issued and outstanding shares of 222 Ontario (the "**Purchased Shares**") to 650 Bay LP, subject to certain conditions, representations, obligations and warranties.

10. As 650 Bay Street was wholly owned by 222 Ontario, the sale of the Purchased Shares would also have transferred beneficial ownership of 650 Bay Street to 650 Bay LP.
11. The obligations of 222 Ontario that are set out in the Evan Transfer Agreement are guaranteed by the Respondents in the 650 Bay LP Agreement. The Respondents also gave specific covenants that they would cause 222 Ontario to fulfil its obligations in the Evan Transfer Agreement.
12. Pursuant to the provisions of the 650 Bay LP Agreement:
 - a. The Claimant, 650 Bay LP, was to purchase the Elm Street Properties from companies owned by Karras for an aggregate purchase price of \$7.2 million, of which 75% was to be financed by a mortgage. The balance of the purchase price was to be paid by Lalu Holdings as a capital contribution to 650 Bay LP;
 - b. Title to the Elm Street Properties was to be held by the Nominees, who were to be incorporated for that purpose;
 - c. Thereafter, 650 Bay LP was to purchase all of the issued and outstanding shares of 222 Ontario, on terms set out in the Evan Transfer Agreement; and
 - d. By purchasing 222 Ontario, 650 Bay LP would indirectly acquire beneficial ownership of 650 Bay Street and of certain plans, drawings, rezoning applications and other documents (the “Plans and Studies”) obtained or produced by 222 Ontario with respect to the development of a mixed use commercial and high-rise residential condominium project to be constructed on 650 Bay Street and the Elm Street Properties (the “Project”).
13. Pursuant to section 4.1 (b) of the 650 Bay LP Agreement, 932 Canada (referred to as

“KarrasCo” in the 650 Bay LP Agreement) was to make a capital contribution to the Partnership in exchange for LP Units, the number of which was dependent upon the “650 Bay Purchase Price”.

14. Pursuant to Schedule “C” of the 650 Bay LP Agreement, the 650 Bay Purchase Price means the “Closing Date Purchase Price for the Purchased Shares” of 222 Ontario as set out in the Evan Transfer Agreement.
15. Pursuant to section 2.2 of the Evan Transfer Agreement, the transfer of the Purchased Shares was to occur on or before Monday, August 29, 2016.
16. Pursuant to section 2.3 of the Evan Transfer Agreement, the purchase price of the Purchased Shares was to be \$7,000,000 adjusted to account for the aggregate debt of 222 Ontario (the “Closing Date Debt”) to be determined on the day before closing. The purchase price was to be paid and satisfied by the issuance of LP Units to Karras, or as he might direct.
17. If the Closing Date Debt was less than or equal to \$8,000,000, 650 Bay LP was to issue 3,499 LP units to Karras or at his direction, increasing his legal or beneficial interest in 650 Bay LP to 3,500 LP Units or 35% of the total. If the Closing Date debt was greater than \$8,000,000, the number of LP Units which Karras was to receive were to be proportionately reduced.
18. At all material times, both the Claimants and the Respondents knew that a number of mortgages had been registered against 650 Bay Street.
19. As set out in Schedule 4.1(k) of the 650 Bay LP Agreement, eight different mortgages (the “650 Bay Mortgages”) had been registered on title to 650 Bay Street as of July 29,

2016 . The face value of these mortgages exceeded \$10,000,000.

20. Pursuant to section 4.1(j) of the 650 Bay LP Agreement:
- a. Karras was to obtain a discharge of some of the 650 Bay Mortgages so as to reduce 222 Ontario's aggregate debt, including contingent liabilities, to approximately \$8 million before 650 Bay LP acquired 222 Ontario's shares; and
 - b. Karras represented and warranted that he has provided full, true and complete copies of all documents and information respecting 222 Ontario and its aggregate debt.
21. At all material times, only the Respondents had access to mortgage discharge statements and other information and documentation necessary to determine the total aggregate debt of 222 Ontario and only the Respondents knew whether any of the 650 Bay Mortgages disclosed in Schedule 4.1(k) were in default.
22. Accordingly, in order for the parties to determine the Closing Date Debt and thereby determine the number of LP Units for which Karras was subscribing and satisfying his capital commitment to the Partnership, section 2.4 of the Evan Transfer Agreement required Karras to:

... prepare and deliver to the Purchaser [650 Bay LP] on the day prior to the Closing an estimated closing statement ... as of the Closing Date in a form acceptable to the Purchaser (the "**Estimated Closing Statement**").

23. The Estimated Closing Statement was to set out calculations of the Closing Date Debt, Closing Date Purchase Price and the number of LP Units for which Karras was to be issued, as well as to provide details of all adjustments made to any of these calculations.
24. In breach of the Evan Transfer Agreement, Karras never provided an Estimated Closing

Statement, nor did he ever provide the Claimants with mortgage discharge statements and other documents and records necessary to determine the Closing Date Debt and the Closing Date Purchase Price and therefore the number of LP Units for which Karras was subscribing.

25. Karras also failed or refused to obtain the mortgagees' consents to the transfer of ownership of 222 Ontario to 650 Bay LP, without which 650 Bay LP was unable to acquire ownership of 222 Ontario. Nor did he ever provide 650 Bay LP with any evidence that the Purchased Shares were unencumbered.
26. As a result, 650 Bay LP was unable to acquire the Purchased Shares, no additional LP Units have been issued to Karras and 650 Bay LP has been unable to acquire beneficial ownership of 650 Bay Street or of the Plans and Studies.

Purchase of the Elm Street Properties

27. In accordance with the provisions of the 650 Bay LP Agreement and in reliance on the Respondents' covenants and guarantees that the transfer of the Purchased Shares would be completed in accordance with the Evan Transfer Agreement, 650 Bay LP entered into three transfer agreements, each made as of July 29, 2016 (the "**Elm Street Transfer Agreements**"), pursuant to which:
 - a. 650 Bay LP purchased 57 Elm from 8517878 Canada Inc. ("**851 Canada**") for \$2,400,000 and agreed to register title to this property in the name of 57 ElmCo;
 - b. 650 Bay LP purchased 59 Elm from 2414914 Ontario Limited ("**241 Ontario**") for \$2,400,000 and agreed to register title to this property in the name of 59 ElmCo; and

- c. 650 Bay LP purchased 61 Elm from 222 Ontario for \$2,400,000 and agreed to register title to this property in the name of 61 ElmCo.
28. At all material times, Karras was the sole registered officer and director and sole shareholder of 851 Canada, 241 Ontario and 222 Ontario.
29. 650 Bay LP and the Respondents were parties to all three of the Elm Street Transfer Agreements.
30. The provisions of each of the Elm Street Transfer Agreements are substantially similar. In each, the vendor represented and warranted, among other things, that it had not entered into any lease, offer to lease, agreement or arrangement affecting or binding the property, with the exception of a month-to-month tenant occupying the lower level premises in 59 Elm. As of July 29, 2016, the month-to-month tenant was paying rent in the amount of \$1,500 per month.
31. In accordance with the provisions of the 650 Bay LP Agreement and the Elm Street Transfer Agreements, 650 Bay LP beneficially acquired the Elm Street Properties on August 2, 2016.
32. In accordance with the 650 Bay LP Agreement, 75% of the purchase price of the Elm Street Properties was paid by mortgage financing. Accordingly, on August 2, 2016, 650 Bay LP obtained mortgage financing in the amount of \$5,500,000 and a mortgage in that amount the ("**Am-Stat Mortgage**") was registered on title to the Elm Street Properties in favour of Am-Stat Corporation ("**Am-Stat**").
33. The proceeds of the Am-Stat Mortgage were partially used to pay the agreed purchase price of the Elm Street Properties, with the balance paid in cash to the Partnership.

34. Pursuant to the Am-Stat mortgage financing, the Am-Stat Mortgage was registered on title to 650 Bay Street and Karras provided his personal guarantee of the Am-Stat Mortgage.
35. Notwithstanding Karras' guarantee, the Am-Stat Mortgage matured on July 29, 2017 and went into default immediately thereafter. Am-Stat subsequently issued a notice of default. The full amount then owing to Am-Stat, together with all outstanding interest, costs and fees, was paid by Lalu Canada in exchange for an assignment of the Am-Stat Mortgage and all security thereon.

Appointment of Receiver

36. In breach of section 2.4 of the Evan Transfer Agreement, Karras failed or refused to provide 650 Bay LP with an Estimated Closing Statement. In breach of section 4.1(j) of the 650 Bay LP Agreement, Karras failed or refused to discharge any of the 650 Bay Mortgages.
37. Karras also failed or refused to provide the mortgagees' consents to the transfer of ownership of 222 Ontario. Absent these consents, the change of control of 222 Ontario to be effected pursuant to the Evan Transfer Agreement would have caused each of the mortgages registered on title to 650 bay Street to be immediately repayable.
38. As well, in breach of implied or explicit obligations in the Evan Transfer Agreement and the 650 Bay LP Agreement, Karras failed or refused to maintain all of the 650 Bay Mortgages in good standing.
39. On May 18, 2017, Zaherali Visram ("Visram"), commenced an application for the appointment of A. Farber & Partners Inc. as receiver over the property, assets and

undertakings of 222 Ontario (the “**Receivership Application**”).

40. Visram is identified in Schedule 4.1(k) of the 650 Bay LP Agreement and in Schedule 1.1(a) of the Evan Transfer Agreement as the holder of the first and second mortgages over 650 Bay Street.
41. In an affidavit sworn on May 15, 2017 in support of the Receivership Application, Visram swears, among other things, that:
 - a. He initially held only the Second Mortgage on 650 Bay Street but redeemed the First Mortgage on May 28, 2015 after receiving the first mortgagee’s application to appoint a receiver in March 2015;
 - b. He and 222 Ontario entered into a forbearance agreement on May 21, 2015 in which 222 Ontario acknowledged that the amount then due and owing on the Second Mortgage was \$4,289,760;
 - c. On a number of occasions from September 2015 to January 2017, he agreed to extend the maturity dates of the First and Second Mortgages, for which extensions 222 Ontario agreed to pay extension fees;
 - d. 222 Ontario provided him with a cheque in the amount of \$50,000 issued by 756597 Ontario Limited (“**756 Ontario**”). Karras is the sole registered officer and director of 756 Ontario;
 - e. In January 2017, he received a notice of sale under mortgage issued by CVC Ardellini Investments Inc. (“**CVC**”) in connection with its mortgage, which was the Sixth Mortgage registered on title to 650 Bay Street. This notice of sale indicated the CVC was then owed \$3,492,449 by 222 Ontario; and

- f. The First and Second Mortgages registered on title to 650 Bay Street matured on April 15, 2017. On April 18, 2017, counsel for the First and Second Mortgagee issued demands for payment in the amount of \$3,219,486.50 in connection with the First Mortgage and \$6,610,514 in connection with the Second Mortgage.
42. In breach of the representations and warranties he made in the Evan Transfer Agreement, Karras failed to disclose any of the above information to the Claimants.
43. In particular, neither 222 Ontario nor the Respondents ever advised the Claimants of the amounts due and owing by 222 Ontario to Visram or to CVC or that the First, Second and Sixth Mortgage had gone into default or of any forbearance or other extension agreements.
44. In breach of section 4.1(j) of the 650 Bay LP Agreement, Karras failed to obtain a discharge of some of the 650 Bay Mortgages so as to reduce 222 Ontario's aggregate debt to approximately \$8 million and Karras failed to provide 650 Bay LP with full, true and complete copies of all documents and information respecting 222 Ontario and its aggregate debt and with the mortgagees' consents to the transfer of 222 Ontario's ownership.
45. CVC and Visram have issued demands for payment or notices of sale in the combined amount of \$13,322,449.50. The principal amounts of the other mortgages listed in Schedule 4.1(k) of the LP Agreement total \$1,950,000. Accordingly, the aggregate amount of 222 Ontario's debt appears to exceed \$15 million. Even if Karras were still able to transfer the shares of 222 Ontario to 650 Bay LP, Karras would not be entitled to subscribe for any additional LP Units in exchange.
46. In any event, on August 2, 2016, the Honourable Madam Justice Mesbur of the Ontario

Superior Court of Justice granted Visram's request for an Order appointing a receiver over the assets and business of 222 Ontario, including 650 Bay Street. Accordingly, Karras is no longer able to transfer beneficial ownership of 650 Bay Street to 650 Bay LP and the Claimants must now negotiate to purchase 650 Bay Street from the Receiver.

47. Karras has therefore further breached the terms of the 650 Bay LP Agreement and of the Evan Transfer by failing to close the sale of the shares of 222 Ontario to 650 Bay LP, which default can no longer be cured by Karras.
48. Accordingly, the Claimants seek an Arbitral Award directing 932 Canada to transfer its sole LP Unit to 650 Bay GP.

Improper Lease Agreements

49. Karras is the directing mind of 932 Canada which is a beneficial owner of a single LP Unit held by 222 Ontario as nominee and bare trustee.
50. Neither 932 Canada's status as a limited partner nor any provision of the 650 Bay LP Agreement, the Evan Transfer Agreement or any other agreement entered into by the Claimants and the Respondents entitles Karras to manage the Elm Street Properties or lease residential or commercial space therein.
51. Nevertheless, in or about mid-September 2017, the Claimants discovered that in or about July, 2017 Karras had been improperly entering into leases for residential and commercial space in 57 and 59 Elm Street, and that he was occupying 61 Elm for his own use, or for the use of a company he controls, without the knowledge or consent of the Claimants and without legal authority.
52. Karras has caused 756 Ontario to enter into at least one commercial tenancy lease without

the Claimants' knowledge or consent.

53. The number and terms of the leases which Karras has purported to enter into in respect to the Elm Street Properties are within the knowledge of the Respondents and not the Claimants.
54. The Claimants state that Karras has been improperly diverting lease payments and other funds received from tenants at the Elm Street Properties and illegally converting these funds for his own use or benefit, either directly, or indirectly through corporations that he controls, including by causing 756 Ontario to provide funds to Visram in connection with the First and Second Mortgage on 650 Bay Street.
55. The Claimants further state that Karras has been misrepresenting himself and/or the company or companies through which he is carrying on business as either the owner of the Elm Street Properties, or as the agents for the owner of the Elm Street Properties, and has been collecting rent and other payments from the tenants.
56. None of the payments received by Karras, directly or indirectly, from the lease of commercial and residential units in the Elm Street Properties have been disclosed or accounted for by Karras to the Claimants.
57. The Claimants states that all of the rent and other payments received by Karras, either directly, or indirectly through a company of which Karras is the controlling mind and sole or majority shareholder, are impressed with a constructive or resulting trust in favour of the Claimants.

Karras has Improperly Registered a Caution on the Elm Street Properties

58. On September 1, 2017, Karras, wrongfully caused a Caution to be registered on title to

the Elm Street Properties.

59. The Caution has been improperly registered as it fails to set out the interest in the land claimed by Karras or to provide any basis for asserting a right to prevent the Claimants from dealing with the land.
60. As well, the Caution was not registered pursuant to an arbitral award and was therefore improperly registered in breach of section 17.2 of the 650 Bay LP Agreement.
61. On September 20, 2017, Karras, through counsel, advised that he would seek to register a certificate of pending litigation on the Elm Street Properties.
62. The Claimants state that neither of the Respondents has any interest in the Elm Street Properties that would permit the registration of a certificate of pending litigation or justify the registration of a caution.

Damages Incurred by the Claimants

63. 650 has entered into negotiations with the Receiver for the purchase of 650 Bay Street. Rather than assuming up to \$8 million in mortgages and transferring up to 3499 LP Units to Karras, or as he may direct, in exchange for his capital contribution, 650 Bay LP will now have to pay cash.
64. In order to raise the necessary purchase money, 650 Bay LP will have to obtain financing secured by new mortgages on 650 Bay Street and additional mortgages on the Elm Street Properties, thereby incurring financing charges which would otherwise have been avoided.
65. The Caution which Karras has caused to be registered on title to the Elm Street Properties has created a cloud on title which may prevent or delay registration of the transfer of the

Am-Stat Mortgage and which will prevent or delay obtaining the financing required by 650 Bay LP to purchase 650 Bay Street from the Receiver.

66. The Respondents' failure or refusal to comply with their various covenants, representations, warranties and contractual obligations and representations, as set out herein, has delayed the commencement of the development of the Project by more than a year, thereby increasing the carrying cost of the Elm Street Properties and the Bay Street Property and negatively affecting the cash flow available for the development of the Project.
67. Karras has intentionally acted to increase 650 Bay LP's legal and other costs by providing either of both 650 Bay LP and the Receiver with different leases containing different terms for the identical premises being operated as a hotel.
68. The Respondents have been unjustly enriched without juristic reason by wrongfully appropriating rents collected by them and for which the Claimants are entitled to relief as claimed.
69. The Claimants state that Karras' actions have damaged the Claimants' goodwill and reputation and have exposed the Claimants, directly or indirectly, to liability arising from the occupation of the Elm Street Properties by tenants to whom Karras has unlawfully purported to lease space therein.

Security Agreement and Indemnity

70. Pursuant to section 4.1 (c) of the 650 Bay LP, Karras agreed to grant a security interest and pledge over all securities of 932 Canada and 222 Ontario to 650 Bay LP to secure the obligations of Karras, 932 Canada and 222 Ontario under the Evan Transfer Agreement,

the Elm Street Transfer Agreements and the 650 Bay LP.

71. In the event that 650 Bay LP enforces on that security, Karras further agreed to indemnify fully and to hold 650 Bay LP and Lalu Holdings harmless and to reimburse or compensate them for any loss, cost, claim or other liability, including legal fees and expenses in connection with or related to the enforcement of the pledged securities and any liability or obligation whatsoever of 932 Canada or 222 Ontario related to the Evan Transfer Agreement, the Elm Street Transfer Agreements and the 650 Bay LP.
72. In the event of a default by the Respondents in respect to their obligations in the 650 Bay LP Agreement, including the failure to close the Evan Transfer Agreement, the Claimants have the contractual right to purchase the sole LP Unit held by 222 Ontario as nominee and bare trustee for 932 Canada in accordance with the terms of the 650 Bay LP Agreement.

General

73. Such further and other grounds as counsel may advise.

Date: October 11, 2017

GOLDMAN HINE LLP

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AND

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Amy M. Delisle

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Schedule "A"

1. **55 Elm Street/650 Bay Street**

PT LT 2 PL 60 TORONTO AS IN CA720524; CITY OF TORONTO PIN 21199-0067 (LT)

2. **57 Elm Street**

PT LT 2 PL 60 TORONTO AS IN EP149219; CITY OF TORONTO PIN 21199-0068 (LT)

3. **59 Elm Street**

PT LT 2-3 PL 60 TORONTO AS IN CA730655; CITY OF TORONTO PIN 2199-0069 (LT)

4. **61 Elm Street**

PT LT 2-3 PL 60 TORONTO AS IN CT997432; DESCRIPTION MAY NOT BE ACCEPTABLE IN THE FUTURE AS IN CT997432; CITY OF TORONTO PIN 21199-0070 (LT)

* * * Communication Result Report (Oct. 11. 2017 5:35PM) * * *

Fax Header) Goldman Hine LLP

Date/Time: Oct. 11. 2017 5:31PM

File No.	Mode	Destination	Pg(s)	Result	Page Not Sent
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 E. 1) Hang up or line fail
 E. 3) No answer
 E. 5) Exceeded max. E-mail size

E. 2) Busy
 E. 4) No facsimile connection



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FACSIMILE TRANSMISSION COVER SHEET

From: Robert P. Hine	Date: October 11, 2017
To: Evan Karras	File No.: 172996
Company: Keyser Mason Ball LLP	No. of Pages: 24
Fax No.: 905-276-2298	Phone No.:

If you do not receive all pages, please call (416) 867-9700 ext. 205.

THIS IS **EXHIBIT I**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018



A COMMISSIONER, ETC.

Robert Hine

From: Steve Graff <sgraff@airdberlis.com>
Sent: October-11-17 4:08 PM
To: 'Van Allen, Sara-Ann'
Cc: Ian Aversa; 'Phil Lefko'; Robert Hine; 'Stuart Mitchell'
Subject: Arbitration regarding Karras et al.
Attachments: Notice of Arbitration.650 BAY.FINAL.pdf

Hi Sara-Ann.

As you are aware, we act on behalf of the limited partnership known as 650 Bay Limited Partnership and its General Partner, 650 Bay GP. We also act on behalf of 650 Bay Holdco Inc. ("650 Holdco") in connection with its proposed acquisition of the property municipally known as 650 Bay Street (the "Property") pursuant to an Agreement of Purchase and Sale dated October 3, 2017.

The attached Notice of Arbitration is being provided to you for your records in advance of its broader circulation. The claim is self-explanatory but primarily relates to the claim that our clients have against both 9329293 Canada Inc. ("932") and Evan Karras, including, the claim to the unit in 650 Bay LP which is held in the name of 2220277 Ontario Inc. ("222"), one of the respondents to the Receivership Application as bear trustee and nominee for Mr. Karras' numbered company, 932.

We do not believe that the attached proceedings have any bearing upon the Receiver or the receivership but, again, wanted to give you advance notice of same so that this proceeding and the information contained therein does not come to you without your advance knowledge. This will likely be served on 932 and Mr. Karras today.

Steven L. Graff

T 416.865.7726
M 416.894.5090
F 416.863.1515
E sgraff@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error.
If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

Robert Hine

From: Van Allen, Sara-Ann <sara.vanallen@dentons.com>
Sent: October-11-17 4:28 PM
To: Steve Graff
Cc: Ian Aversa; 'Phil Lefko'; Robert Hine; 'Stuart Mitchell'
Subject: RE: Arbitration regarding Karras et al.

I have not read nor digested this in its entirety, but on who exactly will you be serving it? I note it discloses the amount of the SHB, which, for a few reasons and out of an abundance of caution, we redacted from our materials.



Sara-Ann Van Allen
Associate

D +1 416 863 4402
sara.vanallen@dentons.com
Bio | Website

Dentons Canada LLP
77 King Street West, Suite 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 Canada

大成 Salans FMC SNR Denton McKenna Long

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From: Steve Graff [<mailto:sgraff@airdberlis.com>]
Sent: 11-Oct-17 4:08 PM
To: Van Allen, Sara-Ann
Cc: Ian Aversa; 'Phil Lefko'; Robert Hine; 'Stuart Mitchell'
Subject: Arbitration regarding Karras et al.

Hi Sara-Ann.

As you are aware, we act on behalf of the limited partnership known as 650 Bay Limited Partnership and its General Partner, 650 Bay GP. We also act on behalf of 650 Bay Holdco Inc. ("650 Holdco") in connection with its proposed acquisition of the property municipally known as 650 Bay Street (the "Property") pursuant to an Agreement of Purchase and Sale dated October 3, 2017.

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Steven L. Graff

T 416.865.7726

M 416.894.5090
F 416.863.1515
E sgraff@airdberlis.com

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Toronto, Canada M5J 2T9 | airdberlis.com



This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

Robert Hine

From: Steve Graff <sgraff@airdberlis.com>
Sent: October-11-17 9:05 PM
To: sara.vanallen@dentons.com
Cc: plefko@lefkolaw.ca; Robert Hine; Ian Aversa; Stuart Mitchell
Subject: 650 Bay
Attachments: Notice of Arbitration.Evan Karras.2017-Oct-11.pdf

Good evening Sara-Ann. Please see the attached version of the Notice of Arbitration that has been served on the relevant parties and which makes no reference to the dollar value of the bid to purchase the Property.
Thx.

**THIS IS EXHIBIT J
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018**


A COMMISSIONER, ETC.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE *Mm*
JUSTICE

Seppri

) THURSDAY, THE
)
) 21TH DAY OF
)
) DECEMBER, 2017

BETWEEN:

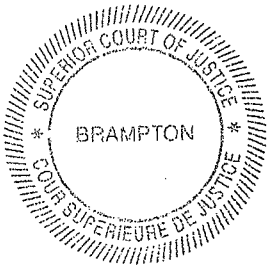
650 BAY LIMITED PARTNERSHIP and 650 BAY GP INC.

Applicants

and

9329293 CANADA INC. and EVAN KARRAS

Respondents



APPLICATION UNDER section 10 of the *Arbitration Act, 1991*, SO 1991, c. 17, and the inherent jurisdiction of this Honourable Court

ORDER

THIS APPLICATION, brought by the Applicants as against the Respondents, 9329293

Canada Inc. and Evan Karras, was heard this day at the Court House, 7755 Hurontario Street, Brampton, Ontario, L6W 4T1.

UPON READING the Consent of the lawyers for the parties, and upon hearing from the lawyer for the Applicants

THIS COURT ORDERS the appointment of the Honourable Justice James Farley as arbitrator to determine the matters in issue in a commercial arbitration commenced by the Applicants pursuant to a Notice of Arbitration, dated October 11, 2017.

Spring

ENTERED
AT BRIMPTON
DEC 21 2017
Form No. 73-03
INITIALS *CF*

650 BAY LIMITED PARTNERSHIP et al.
Applicants

v.

9329293 CANADA INC. et al.
Respondents
Court File No. CV-17-4981-00

**ONTARIO
SUPERIOR COURT OF JUSTICE**

**PROCEEDING COMMENCED AT
BRAMPTON**

ORDER

GOLDMAN HINE LLP, Barristers
401 Bay Street, Suite 2410, Box 24
Toronto, Ontario M5H 2Y4

Robert Hine (39484Q)
r.hine@goldmanhine.com

Tel.: (416) 867-8632
Fax: (416) 867-9103

Lawyers for the Applicants

**THIS IS EXHIBIT K
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018**


A COMMISSIONER, ETC.

**IN THE MATTER OF AN ARBITRATION PURSUANT TO SECTION 17.2 OF THE
AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT, DATED JULY
29, 2016**

BETWEEN:

650 BAY LIMITED PARTNERSHIP and 650 BAY GP INC.

Claimants

and

9329293 CANADA INC. and EVAN KARRAS

Respondents

MINUTES OF SETTLEMENT

WHEREAS 650 Bay Limited Partnership (“**650 Bay LP**”) and its General Partner, 650 Bay GP Inc. (“**650 Bay GP**”), have commenced arbitration proceedings (the “**Arbitration**”) against 9329293 Canada Inc. (“**932 Canada**”), a Limited Partner in 650 Bay LP, and Evan Karras (“**Karras**”), the Principal of 932 Canada;

AND WHEREAS 650 Bay GP Inc. (“**650 Bay GP**”), as General Partner of 650 Bay LP, and, *inter alia*, 9329293 Canada Inc. (“**932 Canada**”), as a Limited Partner in 650 Bay LP, and Evan Karras (“**Karras**”), as Principal of 932 Canada, have entered into an Amended and Restated Limited Partnership Agreement, dated as of July 29, 2016 (the “**650 Bay LP Agreement**”);

AND WHEREAS 932 Canada is the beneficial owner of one limited partnership unit (an “**LP Unit**”) out of a total of 6,501 issued and outstanding LP Units in 650 Bay LP, which sole LP unit is held by 2220277 Ontario Inc. (“**222 Ontario**”) as bare trustee and nominee for 932 Canada;

AND WHEREAS A. Farber & Partners Inc. (the “**Receiver**”) has been appointed receiver of all of the assets, undertakings and properties of 222 Ontario by order of the Superior Court of Justice of Ontario;

AND WHEREAS the Claimant, 650 Bay LP, is the sole beneficial owner of properties municipally known as 57 Elm Street (“**57 Elm**”), 59 Elm Street (“**59 Elm**”) and 61 Elm Street (“**61 Elm**”), all in the City of Toronto, in the Province of Ontario (collectively, the “**Elm Street Properties**”);

AND WHEREAS title to 57 Elm is registered and held by 57 Elm HoldCo Inc. (“**57 ElmCo**”), title to 59 Elm is registered and held by 59 Elm HoldCo Inc. (“**59 ElmCo**”) and title to 61 Elm is registered and held by 61 Elm HoldCo Inc. (“**61 ElmCo**”);

AND WHEREAS the Claimant, 650 Bay GP, is the sole shareholder of each of 57 ElmCo, 59 ElmCo and 61 ElmCo (collectively, the “**Nominees**”), which corporations are the registered title holders to the Elm Street Properties as nominee and bare trustee for the Claimant, 650 Bay LP;

AND WHEREAS the Claimants and the Respondents have agreed to settle and to resolve all issues which were, or which could have been, raised in the Arbitration and all other issues which were, are or could be in dispute between them;

NOW THEREFORE, in consideration of the mutual promises exchanged below and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

1. The Claimant, 650 Bay LP, shall pay the sum of \$300,000 (the “**Settlement Funds**”) to the Respondent, 932 Canada, or as it may direct in writing, payable in two installments and subject to the following conditions precedent (collectively, the “**Conditions**”):
 - a. The first installment of \$100,000 shall be paid immediately upon the receipt by 650 Bay GP of the assignment and transfer form signed by the Receiver in respect to the LP Unit (the “**First Condition**”) in accordance with the direction set out in paragraph 4 below (the “**Unit Transfer**”); and
 - b. The second installment of \$200,000 shall be paid immediately after both the Unit

Transfer and the closing of the acquisition by 650 Bay Holdco Inc., or by such other entity as 650 Bay Holdco Inc. may direct in writing, of all the assets, undertakings and property of 222 Ontario, including property municipally known as 55 Elm Street/650 Bay Street, in the City of Toronto, in the Province of Ontario (the “**Property**”), pursuant to the Approval and Vesting Order of the Honourable Justice Hainey, dated January 29, 2018 (the “**Closing**”).

2. The Settlement Funds shall be held in trust and released as follows:
 - a. The first installment of \$100,000 of the Settlement Funds shall be held in trust by counsel for 932 Canada and shall be released to 932 Canada upon the satisfaction of the First Condition or shall be released to 650 Bay GP upon the failure or frustration of the First Condition; and
 - b. The second installment of \$200,000 of the Settlement Funds shall be held in trust by counsel for 650 Bay GP and shall be released to 932 Canada upon the satisfaction of the Conditions or shall be released to 650 Bay GP upon the failure or frustration of those Conditions.
3. For clarity, these Minutes of Settlement are and remain binding on all parties hereto notwithstanding the non-payment of the Settlement Funds resulting from the failure or frustration of the Conditions.
4. The Respondents shall direct and authorize 222 Ontario, in writing, to transfer the LP Unit to 650 Bay GP, or as 650 Bay GP may direct, and shall provide that direction and authorization (the “**Direction**”) to 650 Bay GP on or before 5:00 p.m. on Friday, February 9, 2018.
5. The Respondents, 932 Canada and Karras, their officers, directors, shareholders and any related entities, shall:
 - a. Consent to the refinancing and/or mortgaging of the Elm Street Properties and the Property by 650 Bay LP, 650 Bay Holdco Inc., or any related entity, and shall further consent to any other action reasonably necessary for the Closing; and

- b. Upon payment of the second installment of the Settlement Funds, shall acknowledge and agree that they have no interest, whether directly or indirectly, beneficially or otherwise, in 650 Bay LP, or in any assets, business or affairs of 650 Bay LP, including, but not limited to, the Elm Street Properties, the Nominees and the Property.
6. The Arbitration shall be terminated, on consent and without costs, upon the payment of the Settlement Funds and the delivery of the Direction.
7. The Claimants and Respondents shall exchange full and final mutual releases, in a form acceptable to counsel, of all matters arising on or before the date of the releases or which were, or which could have been, raised in the within arbitration, including all matters arising from, or in any way related to, the 650 Bay LP Agreement, the Elm Street Properties, the 650 Bay Street Property, and all documents included by reference therein, which mutual release shall include Karras, 932 Canada, 650 Bay LP, 650 Bay GP, 650 Bay Lalu LP Holdings Inc., Lalu Canada Inc. (“**Lalu**”), 650 Bay Holdco Inc., the Nominees and their associated and affiliated entities, successors, heirs, assigns, executors, shareholders, officers, employees, directors, agents and representatives.
8. Mutual releases shall be held in escrow by counsel for the respective parties until the second installment of the Settlement Funds has been received by 932 Canada and the Direction has been received by 650 Bay GP.
9. These Minutes shall be binding upon and shall accrue to the benefit of the Claimants and Respondents and their associated and affiliated entities, successors, heirs, assigns, executors, shareholders, officers, employees, directors, agents and representatives.
10. The Parties agree that they have not and shall not assign, or otherwise transfer, any claims, demands, actions, suits, debts, liens, contracts or damages that are to be released pursuant to these Minutes of Settlement.
11. The Respondents agree and undertake not to take any steps that will, or are reasonably likely to, interfere with the development of the Elm Street Properties and/or the Property by 650 Bay LP, or for its benefit, including, but not limited to, making submissions to any

governmental or regulatory authority contrary to the interests of 650 Bay LP or Lalu.

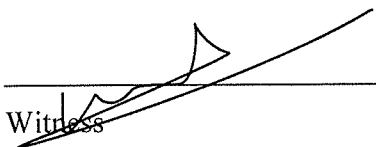
12. The Parties agrees not to, directly or indirectly, engage in, permit or authorize any conduct or pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumours, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or goodwill of any other Party, its Affiliates or its or their businesses, which includes any of their respective shareholders, directors, officers, employees, agents and representatives for purposes of this provision.
13. The Parties each agree to act in good faith and to take all reasonable steps and execute any documents that may reasonably be necessary to give effect to the terms and to the intent of these Minutes of Settlement.
14. The parties hereto each represent that they are each authorized to enter into these Minutes of Settlement and to carry out the obligations set out herein.
15. The parties hereto each acknowledge that they have had the benefit and advice of legal counsel in connection with these Minutes of Settlement or otherwise that they have been advised to obtain independent legal advice before executing these Minutes of Settlement.
16. These Minutes of Settlement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties have executed and delivered these Minutes of Settlement as of the date first set forth below.

DATED at Toronto, this 14th day of February, 2018

EVAN KARRAS

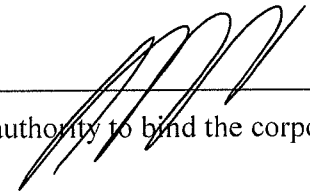
Witness





9329293 CANADA INC.

c/s _____
I have authority to bind the corporation



650 BAY LIMITED PARTNERSHIP

c/s _____
I have authority to bind the corporation

650 BAY GP INC.

c/s _____
I have authority to bind the corporation

9329293 CANADA INC.

c/s _____

I have authority to bind the corporation

650 BAY LIMITED PARTNERSHIP

c/s  _____

I have authority to bind the corporation

650 BAY GP INC.

c/s  _____

I have authority to bind the corporation

ASSIGNMENT AND TRANSFER FORM

TO: 650 BAY LIMITED PARTNERSHIP

AND TO: 650 BAY GP INC., the general partner of 650 Bay Limited Partnership

WHEREAS 650 Bay Limited Partnership (the “**Partnership**”) has issued ONE limited partnership unit in the Partnership (the “**Unit**”), a copy of which is attached hereto as Schedule “A”, which is registered in the name 2220277 Ontario Inc. as the legal holder of the Unit, and which is beneficially owned by 9329293 Canada Inc.;

AND WHEREAS 9329293 Canada Inc. desires to sell, transfer and assign all of its right, title and interest in and to the Unit to the Transferee, as designated and defined below;

AND WHEREAS A. Farber & Partners Inc. was appointed as the court-appointed receiver (in such capacity, the “**Receiver**”) of all of the assets, properties and undertakings of 2220277 Ontario Inc. pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) issued on August 1, 2017;

NOW THEREFORE,

THE UNDERSIGNED, 9329293 Canada Inc., for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby irrevocably sells, transfers and assigns all of its right, title and interest in and to the Unit to the Transferee.

THE UNDERSIGNED, 9329293 Canada Inc. hereby irrevocably authorizes and directs the Receiver to execute and deliver this Assignment and Transfer Form evidencing the transfer of the right, title and interest of 2220277 Ontario Inc., the legal holder of the Unit, to the Transferee.

THE UNDERSIGNED, the Receiver, on behalf of 2220277 Ontario Inc., the registered holder of the Unit, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby irrevocably sells, transfers and assigns all of its right, title and interest in and to the Unit to the Transferee.

Transferee:

650 Bay Lalu LP Holdings Inc.
(Print Name of Transferee)

50 Minthorn Boulevard, Suite 102
(Print Address of Transferee)

Markham, Ontario L3T 7X8
(City, Province, Postal Code)

(the “**Transferee**”).


9329293 Canada Inc. represents and warrants to the Transferee that 9329293 Canada Inc.: (a) is not an insolvent person within the meaning of the *Bankruptcy and Insolvency Act* (Canada); (b) has not made an assignment in favour of its creditors, has not commenced proposal proceedings under the *Bankruptcy and Insolvency Act* (Canada) and has not been adjudged bankrupt; and (c) no receiver has been appointed in respect of any property or assets of 9329293 Canada Inc. and no execution or distress has been levied upon any of 9329293 Canada Inc.’s property or assets; (d) except pursuant to the transfer contemplated herein, 9329293 Canada Inc. is the sole beneficial owner of the Unit, free and clear of all liens, charges, security interests or encumbrances; (e) the Unit represents the entirety of 9329293 Canada Inc.’s interest in the Partnership; and (f) 9329293 Canada Inc. is not a “non-resident” of Canada within the meaning of section 116 of the *Income Tax Act* (Canada).

EACH OF THE UNDERSIGNED agrees that the power of attorney previously granted to the General Partner pursuant to the terms of the amended and restated limited partnership agreement of the Partnership will be effective for the purpose of executing and filing all certificates, amendments and other instruments necessary to give effect to the transfer contemplated herein.

DATED at the City of Toronto, in the Province of Ontario this ___ day of February, 2018.

(Signature)

A. Farber & Partners Inc., solely in its capacity as the court-appointed receiver of 2220277 Ontario Inc., and not in its personal or corporate capacity



(Signature)

9329293 Canada Inc.

(Name – Please Print)

1210 Yonge Street

(Address)

Toronto, Ontario

(City, Province, Postal Code)

(REVERSE SIDE OF ASSIGNMENT AND TRANSFER FORM)

Acknowledgement of Transferee

THE UNDERSIGNED, being the Transferee named above, hereby accepts the transfer of the Unit as herein provided and, in consideration of the General Partner accepting this transfer and conditional thereon, hereby:

1. agrees to be bound as a Limited Partner in the Partnership by the terms of the amended and restated limited partnership agreement as from time to time amended and in effect and the Transferee hereby expressly ratifies and confirms the power of attorney given to the General Partner therein;
2. irrevocably constitutes and appoints the General Partner, with full power of substitution, as its true and lawful attorney and agent, with full power and authority in its name, place and stead to execute and deliver, for and on its behalf, the amended and restated limited partnership agreement and any amendments thereto and hereby ratifies, for all legal purposes, execution of the amended and restated limited partnership agreement on its behalf and all actions taken on its behalf pursuant thereto; and
3. declares that it is not a “non-Canadian” within the meaning of the *Investment Canada Act* (Canada) nor a “non-resident” within the meaning of the *Income Tax Act* (Canada).

THE UNDERSIGNED hereby acknowledges that the power of attorney granted herein and in the amended and restated limited partnership agreement is irrevocable and is a power coupled with an interest and survives the assignment by the undersigned of the whole or any part of the interest of the undersigned in the Partnership and extends to the heirs, executors, administrators, successors, assigns and other legal representatives of the undersigned and shall survive the death or disability of the undersigned until notice of death or disability is delivered to the General Partner and may be exercised by the General Partner on behalf of the undersigned in executing such instrument with a single signature as attorney and agent for all of them. The undersigned agrees to be bound by representation or action made or taken by the General Partner pursuant to such power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney.

THE UNDERSIGNED hereby accepts that this transfer form, the amended and restated limited partnership agreement and related documents be in the English language only.

DATED at the City of Toronto, in the Province of Ontario this ___ day of February, 2018.

(Signature of Witness)

(Print Name of Witness)

(Signature of Transferee)

650 Bay Lalu LP Holdings Inc.

(Name of Transferee – Please Print)

50 Minthorn Boulevard, Suite 102

(Address of Transferee)

Markham, Ontario L3T 7X8

(City, Province, Postal Code)

(Social Insurance Number)

THIS IS **EXHIBIT L**
TO THE AFFIDAVIT OF
LEI GUO
SWORN BEFORE ME THIS
2nd DAY OF MARCH, 2018


A COMMISSIONER, ETC.

February 22, 2018

File no. 559456-3

WITH PREJUDICE**SENT VIA E-MAIL****Aird & Berlis LLP**181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Attention: Steve Graff and Ian Aversa

RE: Agreement of Purchase and Sale, dated October 3, 2017 (the "Purchase Agreement"), between 650 Bay Holdco Inc. (the "Purchaser") and A. Farber & Partners Inc. in its capacity as receiver (the "Receiver") of 2220277 Ontario Inc. (the "Debtor")

We write further to our discussion this morning and my previous conversations and correspondence with Phil Lefko starting late last week. Although the Purchase Agreement does not contain any remaining conditions precedent to closing it now appears that the Purchaser may be unable to close the Purchase Agreement if it is unable to satisfy all conditions to its acquisition financing. Apparently, the transfer of the limited partnership unit in 650 Bay Limited Partnership (the "**Partnership**"), as contemplated in the Minutes of Settlement, among the Partnership, 650 Bay GP Inc., 9329293 Canada Inc. and Evan Karras, is a condition to such financing.

As we previously advised, the Receiver is not in a position to execute the Assignment and Transfer Form providing for the transfer of the Unit, as it is unable to verify the accuracy of the documentation and the value of the Unit, if any, to the Debtor's estate. Although your client and Mr. Karras indicate that the Unit is of nominal value to the Debtor, the information from Mr. Karras regarding what the Debtor does and does not own has been inconsistent. There are other creditors of the Debtor who have security interests that may extend to the Unit and the Receiver has a duty to look out for the interest of all stakeholders.

In our email, dated February 21, 2018, we outlined two options to effect the transfer of the Unit, (a) pay the \$300,000 settlement into court or to the Receiver in trust, or (b) bring a lift-stay motion and enforce your client's security interest in the Unit as it appears that your client has "control" over the Unit as such terms is defined in the PPSA it could then execute any documentation on its own behalf without involving the Receiver.

You advised that the Purchaser requests an extension of the Closing Date (as defined in the Purchase Agreement) from February 28, 2018 to March 2, 2018. The Receiver previously accommodated the Purchaser's request to extend the Closing Date from February 9, 2018 to February 28, 2018, which date the Receiver had been advised your client wanted in order to facilitate accounting issues. On the condition that the settlement funds be paid into court or your clients bring the lift-stay motion mentioned above next week, the Receiver is prepared to consent to the Purchaser's request for an extension of the Closing Date to March 2, 2018.

Please advise of your client's position by tomorrow afternoon. In the event that it becomes necessary for the Receiver to bring a motion seeking advice and directions of the Court in respect of this issue, it will seek costs against your clients given that they have created this issue that they have the ability to resolve it without involving the Receiver.

Yours truly,
Dentons Canada LLP



Sara-Ann Van Allen

c.c. **Stuart Mitchell and John Hendriks,
Ken Kraft**

ZAHERALI VISRAM
Applicant

v.

2220277 ONTARIO INC.
Respondent
Court File No.: CV-17-11811-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF LEI GUO
(Sworn March 2, 2018)

GOLDMAN HINE LLP, Barristers
401 Bay Street, Suite 2410, Box 24
Toronto, Ontario M5H 2Y4

Robert Hine (39484Q)
Maryam Shahidi (70453N)

Tel.: (416) 867-8632/848-4137
Fax: (416) 867-9103

Lawyers for the Moving Party, 650 Bay Limited
Partnership and 650 Bay GP Inc.

ZAHERALI VISRAM
Applicant

v.

2220277 ONTARIO INC.
Respondent
Court File No.: CV-17-11811-00CL

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

PROCEEDING COMMENCED AT TORONTO

MOTION RECORD

GOLDMAN HINE LLP, Barristers
401 Bay Street, Suite 2410, Box 24
Toronto, Ontario M5H 2Y4

Robert Hine (39484Q)
r.hine@goldmanhine.com

Tel.: (416) 867-8632
Fax: (416) 867-9103

Lawyers for the Moving Party, 650 Bay Limited
Partnership and 650 Bay GP Inc.