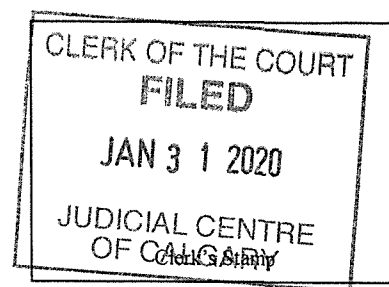


COURT FILE NUMBER 2001-00425
COURT QUEEN'S BENCH ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ROYAL BANK OF CANADA
DEFENDANTS MCARTHUR FURNITURE (ALBERTA) LTD., MTK
PROPERTIES LTD., THERESA POUND and EDWIN
POUND
DOCUMENT AFFIDAVIT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **Carscallen LLP**
900, 332 - 6 Avenue SW
Calgary AB T2P 0B2
Telephone: (403) 262-3775
Facsimile: (403) 262-2952
Attention: Michael J. Whiting
File No.: 22312.014



AFFIDAVIT OF ROBERT POUND
Sworn on January 31, 2020

I, ROBERT POUND, of the City of Calgary, in the Province of Alberta, SWEAR THAT:

1. I am a director and shareholder of the Defendants, McArthur Furniture (Alberta) Ltd. ("McArthur") and MTK Properties Ltd. ("MTK"), and as such have personal knowledge of the facts and matters hereinafter deposed to, save and except where stated to be based upon information and belief, in which case I do verily believe the same to be true.
2. I have been authorized by McArthur and MTK to swear this Affidavit.

McArthur Furniture

3. McArthur, founded in 1938, is an independent family-owned small business that has been a staple of the Calgary community for over 80 years.
4. Three generations of our family have owned and operated McArthur's since my grandfather, Ernie Sissons, bought the company in 1961 from Gerry McArthur, who started the business in 1938.
5. Since its inception, McArthur has been one of the premiere furniture and mattress retailers in Calgary.
6. McArthur currently has one retail location in Calgary, located at 67 Glenbrook Place SW ("McArthur Calgary"), and one location in Airdrie, located at 141 Gateway Drive NE ("McArthur Airdrie").

7. Between its two locations, McArthur currently has 14 employees.

Indebtedness, Security and Guarantors

8. I have reviewed the Affidavit of Marlene Starenky, sworn on January 9, 2020 (the "Starenky Affidavit"), and acknowledge that McArthur and MTK are indebted to Royal Bank of Canada ("RBC") in the amounts described as the McArthur Indebtedness and the MTK Indebtedness.

9. As described in paragraphs 11 to 17 of the Starenky Affidavit, McArthur and MTK have granted security to RBC in respect of their obligations to RBC, which security includes land charges against the McArthur Calgary land and the McArthur Airdrie land.

10. As against the McArthur Calgary land, which is legally described as:

PLAN 8110923
BLOCK K
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS

MTK, the registered owner, granted RBC mortgage security in the amount of \$4,900,000.00, which is registered in first position as Instrument No. 121 012 134 (the "McArthur Calgary Mortgage").

11. As against the McArthur Airdrie land, which is legally described as:

PLAN 0810892
BLOCK 5
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS

MTK, the registered owner, granted RBC mortgage security in the amount of \$4,900,000.00, which is registered in first position as Instrument No. 121 012 117 (the "McArthur Airdrie Mortgage").

12. In addition to the security specifically identified in the Starenky Affidavit, the McArthur Indebtedness is also secured by the following:

- (a) Guarantee given by my mother, Theresa Pound, which is limited to a maximum of \$375,000.00, and includes a postponement of any future debts owed to Ms. Pound by McArthur;
- (b) Guarantee given by my father, Edwin Pound, which is limited to a maximum of \$375,000.00, and includes a postponement of any future debts owed to Mr. Pound by McArthur; and
- (c) Guarantee given by MTK, which is limited to a maximum of \$1,150,000.00, and includes a postponement of any future debts owed to MTK by McArthur.

13. In addition to the McArthur Calgary Mortgage, the McArthur Airdrie Mortgage and other security identified in the Starenky Affidavit, the MTK Indebtedness is also secured by the following:
- (a) Guarantee of the McArthur Calgary Mortgage given by Ms. Pound, which is limited to \$187,500.00;
 - (b) Guarantee of the McArthur Calgary Mortgage given by Mr. Pound, which is limited to \$187,500.00;
 - (c) Guarantee of the McArthur Calgary Mortgage given by McArthur;
 - (d) Guarantee of the McArthur Airdrie Mortgage given Ms. Pound;
 - (e) Guarantee of the McArthur Airdrie Mortgage given by Mr. Pound; and
 - (f) Guarantee of the McArthur Airdrie Mortgage given by MTK.

McArthur Calgary Marketing Efforts

14. As part of an overall restructuring and reorganization plan to address the challenges that McArthur was facing as a result of the downturn in the Alberta economy, and to address the shift in consumers shopping online, in 2017 McArthur embarked on a strategy to reduce the square footage of its retail operations, which included exploring options to sell the McArthur Calgary and McArthur Airdrie lands and buildings. The strategy included the option of becoming a tenant of a smaller portion in one or both building after a sale or, alternatively, selling the lands and buildings and leasing smaller retail space in a different location within Calgary and Airdrie.
15. In 2017, as part of the restructuring and reorganization plan, MTK hired Altus Group Inc. ("Altus") to conduct an appraisal of the McArthur Calgary lands. Based on the appraisal provided by Altus, in the opinion of the appraiser, the fair market value of the McArthur Calgary lands was \$10,100,000.00. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a copy of the Altus appraisal for McArthur Calgary (excluding the appendices).
16. With the appraisal in hand, in August of 2017 MTK retained Jones Lang Lasalle Real Estate Services, Inc. ("JLL") to be its exclusive listing agent for the sale of McArthur Calgary. Attached hereto and marked as **Exhibit "B"** to this my Affidavit is a copy of the most recent marketing materials produced by JLL for McArthur Calgary.

McArthur Airdrie Marketing Efforts

17. In addition to retaining the services of Altus to appraise McArthur Calgary, MTK hired Altus to conduct an appraisal of the McArthur Airdrie lands. Based on the appraisal provided by Altus, in the opinion of the appraiser, the fair market value of the McArthur Calgary lands was \$8,700,000.00. Attached hereto and marked as **Exhibit "C"** to this my Affidavit is a copy of the Altus appraisal of McArthur Airdrie (excluding the appendices).

18. In August 2017, MTK retained JLL to be its exclusive listing agent for the sale of McArthur Airdrie. Pursuant to the sale listing agreement, MTK authorized JLL to sell McArthur Airdrie for \$5,950,000.00. Attached hereto and marked as **Exhibit "D"** is a copy of the listing agreements between MTK and JLL.
19. As of March 6, 2019, McArthur Airdrie has been listed for sale by JLL for \$4,950,000.00. Attached hereto and marked as **Exhibit "E"** to this my Affidavit is a copy of the most recent marketing materials produced by JLL for McArthur Airdrie.

Accepted Offer to Purchase McArthur Calgary

20. On October 29, 2019, Reddy Innovative Health Care Inc. (the "**Calgary Purchaser**") made a conditional offer to purchase McArthur Calgary for the purchase price of \$5,500,000, plus GST, which MTK accepted on November 1, 2019 (the "**Calgary Offer**"). Among other things, the Calgary Offer included the following terms and conditions:
 - (a) on or before November 5, 2019, the Calgary Purchaser would pay a deposit of \$100,000.00 by bank draft to Remax Landan Real Estate in trust, which would form part of the purchase price (the "**Initial Deposit**");
 - (b) on or before December 11, 2019, the Calgary Purchaser would pay an additional deposit of \$50,000.00 by bank draft to Remax Landan Real Estate in trust, which would form part of the purchase price (the "**Second Deposit**");
 - (c) 6 conditions in favour of the Calgary Purchaser, including, among others, due diligence, financing and the execution of a lease between the Calgary Purchaser and MTK, with a condition waiver date of December 10, 2019 (the "**Condition Date**"), and
 - (d) a closing date of December 31, 2019 (the "**Closing Date**").

Attached hereto and marked as **Exhibit "F"** to this my Affidavit is a copy of the Calgary Offer.

21. In accordance with the terms of the Calgary Offer, on November 4, 2019, the Calgary Purchaser paid the Initial Deposit of \$100,000.00. Now shown to me and marked as **Exhibit "G"** to this my Affidavit is a copy of the receipt for the Initial Deposit.
22. In accordance with the terms of the Calgary Offer, on December 6, 2019, the Calgary Purchaser paid the Second Deposit of \$50,000.00. Now shown to me and marked as **Exhibit "H"** to this my Affidavit is a copy of the bank draft for the Second Deposit.
23. On December 10, 2019, MTK agreed to the Calgary Purchaser's request to extend the Condition Date from December 10, 2019, to January 28, 2020, and to extend the Closing Date from December 31, 2019, to February 25, 2020. Attached hereto and marked as **Exhibit "I"** to this my Affidavit is a copy of the agreed upon amendments.
24. On January 27, 2020, the Calgary Purchaser requested a further amendment to the Calgary Offer, requesting an extension of the Condition Date from January 28, 2020 to February 11, 2020, and an extension of the Closing Date from February 25, 2020, to March 11, 2020.

25. Based on information contained in an email from the Calgary Purchaser's agent, George Wilson at Remax Commercial dated January 27, 2020, the need for an extension was due to an unforeseen delay in the Calgary Purchaser receiving a firm commitment letter and an appraisal on a property in New York State from City National Bank New York. In his email, Mr. Wilson reiterated the Calgary Purchaser's commitment to purchase McArthur Calgary. Attached hereto and marked as **Exhibit "J"** to this my Affidavit is a copy of Mr. Wilson's January 27, 2020 email.
26. On January 28, 2020, MTK received a waiver of the Calgary Purchaser's various conditions contained in the Calgary Offer, with the exception of its conditions relating to financing and a lease agreement between MTK and the Calgary Purchaser. Attached hereto and marked as **Exhibit "K"** to this my Affidavit is a copy of a cover email from Mr. Wilson along with the waiver of conditions described above.
27. Based on information provided to me by MTK's legal counsel for the sale of McArthur Calgary, Aron Balakrishnan, I am advised that the terms of the lease agreement between MTK and the Calgary Purchaser have been agreed to, and that the waiver of the lease condition will be forthcoming.
28. As referenced above, the Calgary Offer includes a condition that MTK and the Calgary Purchaser enter into a lease agreement. Based on advice and information provided to me by JLL, the possibility of having McArthur as an anchor tenant immediately upon the closing of a sale is a very important selling feature of the McArthur Calgary lands.
29. Based on the information received to date, I do verily believe that the Calgary Purchaser is committed to purchasing McArthur Calgary.

Accepted Offer to Purchase McArthur Airdrie

30. On January 29, 2020, MTK and 572843 Alberta Ltd. ("**572 Alberta**" or the "**Airdrie Purchaser**"), entered into a conditional offer to purchase McArthur Airdrie, for a purchase price of \$4,800,000 (the "**Airdrie Offer**").
31. The Airdrie Offer has a scheduled closing date of March 31, 2020. Attached hereto and marked as **Exhibit "L"** to this my Affidavit is a copy of the Airdrie Offer.
32. The Airdrie Offer is subject to the following conditions in favour of Airdrie Purchaser:
 - (a) at closing, MKT is the legal and beneficial owner of McArthur Airdrie;
 - (b) confirmation to the satisfaction of the Airdrie Purchaser that McArthur Airdrie is free and clear of all encumbrances;
 - (c) procurement of adequate financing by the Airdrie Purchaser on terms satisfactory to the Airdrie Purchaser; and
 - (d) execution of a lease agreement between MTK and the Airdrie Purchaser, on such terms and conditions as the parties may mutually agree.
33. On January 29, 2020, 572 and MTK executed a lease agreement with respect to McArthur Airdrie, for a 5 year term (and an option to renew for 5 years), with a

commencement date of March 15, 2020. Attached hereto and marked as Exhibit "M" to this my Affidavit is a copy of the said lease.

572 Alberta and McArthur Resolution

34. Edwin Pound is the sole director and shareholder of 572 Alberta.
35. As part of the complex divorce settlement between Edwin Pound and Theresa Pound in 2016, it was agreed that Mr. Pound's company, 572 Alberta, is to be paid \$2,200,000.00 by McArthur (the "Pound Indebtedness").
36. Insofar as I am aware, the Pound Indebtedness was evidenced by a promissory note entered into between 572 Alberta and McArthur.
37. In addition, McArthur and MTK entered into General Security Agreements in favour of 572 Alberta to secure the Pound Indebtedness. Now shown to me and marked as Exhibit "N" to this my Affidavit is a copy of a Personal Property Registry search for McArthur and MTK, which confirms the registration of 572 Alberta's security interest.
38. As part of the payment of the \$4,800,000.00 purchase price under the Airdrie Offer, 572 Alberta will be using \$1,800,000 of the Pound Indebtedness. Based on information provided to me by Mr. Pound, it is my understanding that 572 Alberta is working with Canadian Western Bank to finance the balance of the \$4,800,000.00 purchase price, being \$3,000,000.00.
39. Now shown to me and marked as Exhibit "N" to this my Affidavit is a copy of correspondence that Mr. Pound has received from Canadian Western Bank outlining the discussions that he has had regarding financing the \$3,000,000.00 to close the Airdrie Offer.
40. The Airdrie Offer is a private sale, so no real estate commissions will be payable.

Plan to Pay Out RBC Indebtedness

41. Upon the successful completion of the sale of McArthur Calgary to the Calgary Purchaser, I have calculated the net sale proceeds as follows:

Purchase price	\$5,500,000.00
Less commissions	(\$165,000.00)
Less estimated closing costs	(\$10,000.00)
Net sale proceeds (approx.)	\$5,325,000.00

42. The net sale proceeds from the sale of McArthur Calgary, in the approximate amount of \$5,325,000.00 would be paid to RBC and applied to the MTK Indebtedness and McArthur Indebtedness, which according to the Starenky Affidavit was \$7,847,458.10 as at January 6, 2019. This would leave an approximate balance owing to RBC of \$2,522,458.10.

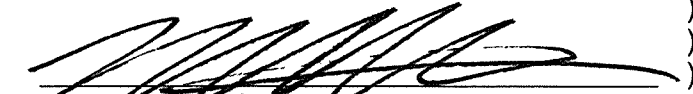
43. Upon the successful completion of the sale of McArthur Airdrie to the Airdrie Purchaser, MTK would receive \$3,000,000.00 less closing costs, which would then be paid to RBC to retire the balance of the MTK Indebtedness and the McArthur Indebtedness.


Balance of Convenience and Just and Convenient

44. I do verily believe there is no prejudice to RBC if its application is dismissed, adjourned or, if a Receivership Order is granted, that it be stayed pending the closing of the sales contemplated herein.
45. This is particularly the case because with the exception of a payment in December 2019, which McArthur authorized to be taken out of its account, but apparently missed by RBC, McArthur and MTK have made all monthly interest payments on the MTK Indebtedness and McArthur Indebtedness since the parties entered into the Forbearance Agreement.
46. McArthur has already deposited sufficient funds into its account with RBC to cover the interest payments on the MTK Indebtedness and McArthur Indebtedness for February 2020, and provided a Receivership Order is not granted and enforced, McArthur will be able to deposit sufficient funds into its account to cover the interest payments for March 2020.
47. On the other hand, if this Honourable Court grants a Receivership Order, I do verily believe that:
- (a) both the Calgary Offer and the Airdrie Offer will be lost;
 - (b) without McArthur as an anchor tenant, any sale of McArthur Calgary and/or McArthur Airdrie will be even more difficult, creating the potential for the properties to languish on the market for a lengthy period of time given the current commercial real estate market conditions;
 - (c) 14 McArthur employees will eventually lose their jobs; and
 - (d) the Guarantors will be prejudiced given the real likelihood of losing the Calgary Offer and the Airdrie Offer and having the significant costs of a Receiver and the additional legal fees added to the MTK Indebtedness and the McArthur Indebtedness.
48. For all of the above reasons, I believe that the appointment of a Receiver and resulting liquidation of assets would have significantly less value for all parties, and would be particularly prejudicial to the Defendants.

49. I make this my Affidavit in response to the Application of RBC to appoint a Receiver and for no improper purpose.

SWORN BEFORE ME at Calgary, Alberta, this)
31 day of January, 2020)


Commissioner for Oaths in and for the)
Province of Alberta)


ROBERT POUND

MICHAEL J. WHITING
Barrister & Solicitor

This is Exhibit "A"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020

A handwritten signature in blue ink, appearing to read 'M. Whiting', is written over a horizontal line.

A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

Appraisal Report

prepared for:

Mr. Robert Pound
572843 Alberta Ltd.

prepared by:

Altus Group Limited © 2017

McArthur Fine Furniture

67 Glenbrook Pl SW
Calgary, AB

At August 17, 2017

October 25, 2017

Project No.: 102594

Mr. Robert Pound
67 Glenbrook Place SW
Calgary, AB T3E 6W4

RE: McArthur Fine Furniture Facility
67 Glenbrook Pl SW, Calgary, AB

Mr. Pound:

Further to your request, we have inspected the above-noted property and have completed our investigations and analyses in accordance with the stated Scope of Work in order to provide our opinion of the current market value of the fee simple interest in the property on an all-cash basis, as defined herein. The intended user of this report is 572843 Alberta Ltd. The intended use is to provide 572843 Alberta Ltd. with a basis for financing and no other use. No additional Intended Users are identified or intended by the appraiser.

Subject to the Extraordinary Assumptions and Standard Conditions in **Appendix A**, it is our opinion that the current market value of the subject property, as of the effective date, August 17, 2017, is:

Ten Million One Hundred Thousand Dollars
\$10,100,000

Based on this estimate of current market value liquidity is considered “good”. We estimate a normal exposure time of **3 to 6** months to have sold this property at its current market value. Should you have any questions, please feel free to contact us.

Respectfully submitted,

Altus Group Limited

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Appendices

Appendix A

- Terms of Reference
- Scope of Work
- Limiting Conditions
- Definitions

Appendix B

- Certificate of Title

Appendix C

- Market Rental Rate Estimate

Appendix D

- Sales of Comparable Properties

Appendix E

- Photographs of Subject Property
- Location Maps



Executive Summary



67 Glenbrook Pl SW, Calgary, AB

Subject property consists of a two storey commercial building comprising 45,915 sq. ft. in total, of which 30,687 sq. ft. is above grade and 15,228 sq. ft. is a full basement below grade. The building is situated on a 63,598 sq. ft. (1.46 acre) C-COR3 f0.97 h19 (Commercial Corridor 3) classified site located in the southwest Calgary District of Glenbrook.

Final Value Conclusion¹ as at: August 17, 2017 \$10,100,000

Unit Value	▪ \$220 per sq. ft.
Stabilized NOI	▪ \$613,082
Stabilized NOI per Sq. Ft.	▪ \$13.00
Capitalization Rate	▪ 6.25%
Exposure Time	▪ 3 to 6 months

Conclusions

Direct Capitalization	▪ \$10,100,000
Direct Comparison	▪ \$9,800,000

¹ Value is subject to the Extraordinary Assumptions and the Standard Conditions listed in this report.

Analysis and Commentary

Strengths	Weaknesses
Location	
<ul style="list-style-type: none"> ▪ The subject property occupies a high profile corner location with exposure to Sarcee Trail SW. ▪ Good synergy from competing retail / quasi retail tenants in the district. The immediate area is developed with several high profile retail properties that generate large amounts of traffic. ▪ Excellent linkage and access to local arterials and major roadways / highways. ▪ Established Glenbrook and surrounding areas have a good trade area population. 	<ul style="list-style-type: none"> ▪ Limited single-point access from Glenbrook Place. ▪ Freestanding street front retailers face competition from power centres and big box retailers.
Physical Characteristics	
<ul style="list-style-type: none"> ▪ Total of 45,915 sq. ft. split between two above grade and one below grade levels as follows; Main floor retail 15,625 sq. ft., 2nd floor retail 15,062 sq. ft. Basement level retail and storage space 15,228 sq. ft. ▪ Currently improvements represent site coverage of 25% and approximate site density of 48%. Owner-occupied and built for the specific use of the current owner. ▪ Single-tenant/user building provides good exposure and strong retail presence. ▪ Attractive building features including freight elevator. ▪ Good on-site parking. ▪ Ongoing capital expenditures including a new roof surface in 2017 along with 4 HVAC units. 	<ul style="list-style-type: none"> ▪ Second storey showroom and basement area have more limited market appeal and utility compared to new more modern single-storey commercial buildings. ▪ Single tenant or user building design would be difficult to demise for smaller users.

Liquidity

Liquidity is the measure of the typical buyer's desire and ability to purchase the property. An estimate of market value should include an assessment of liquidity. Overall, we consider the liquidity of the subject property to be "good" at the value reported herein. A detailed definition of "good" liquidity is presented in Appendix A.



Introduction

Date and Purpose of the Appraisal

The purpose of this appraisal is to estimate the **current** market value of the **fee simple interest** in the subject property as at **August 17, 2017**. The intended use of this appraisal is to assist in financing and no other use.

We refer you to Appendix A of this report for a detailed description of the Terms of Reference, including definitions of Market Value, Liquidity, and Highest and Best Use.

Assumptions and Limiting Conditions

The reader's attention is drawn to certain Contingent and Limiting Conditions that are outlined at Appendix A.

Financing For the purpose of this appraisal we have assumed that the property is free and clear of all financing.

Encumbrances A full search and interpretation of the title are beyond the scope of this appraisal and the report is contingent on the expectation that there are no material encumbrances that would affect value unless otherwise noted. However, as these can have a significant impact on the market value and / or marketability, legal advice is recommended.

Extraordinary Assumptions

The estimated value included herein will potentially be impacted if any of the following Extraordinary Assumptions are not realized as of the effective date.

Environmental Issues We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty.

McArthur Fine Furniture
67 Glenbrook Pl SW, Calgary, AB
102594

Ownership and History of the Property

The subject property is currently owned by MTK Properties Ltd.

Our research indicates that there has been no sales activity on this property within the past three years. To the best of our knowledge, the property is not listed for sale on the open market or under contract for sale.



Property Description

Neighbourhood Description

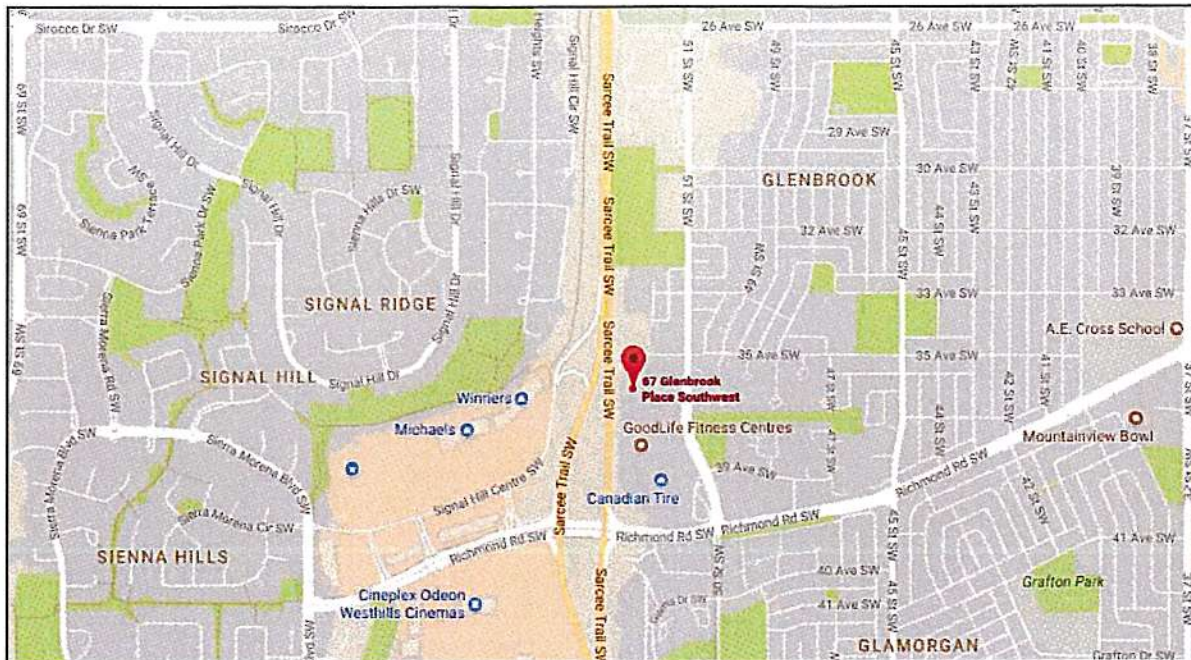
The subject property is located in the Glenbrook District, approximately seven kilometres southwest of downtown Calgary. The Glenbrook area is bounded by Sarcee Trail on the west, 37th Street on the east, 26th Avenue on the north and Richmond Road on the south. Surrounding subdivisions include Signal Hill to the west, Glendale Meadows to the north, Killarney to the east and Glamorgan to the south. Sarcee Trail SW, at this location, has a daily traffic count of 46,000 vehicles per day, according to the City of Calgary Traffic Study (2016).

Glenbrook is a well-developed community, located east of Sarcee Trail and north of Richmond Road SW. Development in the general area is predominantly residential, however, a retail node at the intersection of Richmond Road and Sarcee Trail SW contains a number of strip shopping centres as well as one of the largest power centres (Westhills) in Calgary.

The primary trade area consists of the communities located west of the downtown core. This region of the City generally consists of newer residential development and is host to a number of upper scale communities.

The area is well served by local and regional transportation routes, as well as public transportation. The subject has easy access to several high traffic corridors including Sarcee Trail and Glenmore Trail SW. Sarcee Trail is a major north/south traffic artery that connects Glenmore Trail SW to the TransCanada Highway on the northwest end of the City. Glenmore Trail is also a major traffic artery, which connects the east and west parts of the City. Richmond Road and 37th Street SW relate more towards traffic in residential communities in the area and are considered to be linking roadways rather than major traffic arteries. The Calgary Transit system has a stop northbound on 39th Avenue SW and 51st Street SW, southeast of the subject.

McArthur Fine Furniture
 67 Glenbrook Pl SW, Calgary, AB
 102594



Neighbourhood Map

Adjacent Land Uses

- | | |
|-------|--|
| North | Glenbrook Place SW, Honda West car dealership |
| West | Sarcee Trail; Signal Hill Centre |
| South | Richmond Square box/ strip mall, Home Outfitters |
| East | Glenbrook Plaza office/ retail complex, Richmond Square Medical Centre |

Land Use Controls

- | | |
|-------------------|---|
| Zoning / Land Use | C-COR3 f0.97 h19 (Commercial Corridor 3) |
| Permitted Uses | The C-COR 3 District is intended to be characterized by: <ul style="list-style-type: none"> (a) sites of various sizes; (b) locations along major roads; (c) locations in industrial areas to accommodate mid-scale retail, and medium to large eating and drinking uses; (d) motor vehicles having direct access from the road to the development; |



- (e) perimeter landscaping that separates commercial activities from the road and surrounding development;
- (f) uses of various sizes;
- (g) limited large retail uses and no residential uses;
- (h) varying building density established through maximum floor area ratio for individual parcels;
- (i) and varying building heights established through maximum building height for individual parcels.

Permitted Height	The maximum building height for parcels designated Commercial – Corridor 3 District is the number following the letter “h” indicated on the Land Use District Maps, expressed in metres. The subject height is 19 metres.
Allowable Density	The maximum Floor Area Ratio (FAR) for parcels designated Commercial – Corridor 3 District is the number following the letter “F” indicated on the Land Use District Maps. The subject FAR is 0.97.
Excess Density	Given the building’s position on the site and existing density, the property appears to be effectively built out. Legal and planning advice is advised for certainty.

Site Description

Legal Description	Plan 8110923 Block K Lot 2 Excepting thereout all mines and minerals This description was obtained from the Title and is assumed to be correct.
Site Area	1.46 acres
Site Position	Site occupies an end of street position. The location of the subject parcel is considered one of its strongest attributes providing excellent exposure to Sarcee Trail SW which has a daily traffic count of 46,000 vehicles per day, according to the City of Calgary Traffic Study (2016).
Topography	The site is generally level and at grade with adjoining properties.
Configuration	Irregular.

Frontage	315 feet of frontage onto Sarcee Trail SW on the west side of the site. The site has direct access from, but limited exposure to Glenbrook Drive SW.
Special Features	Site improvements include a fully paved site, with good landscaping on the perimeter of the site. Concrete sidewalk runs the length of the building on the west elevation, with concrete curbing on the perimeter.
Services	Full municipal services are provided including storm sewers, sanitary, water, natural gas, telephone and hydro. Street lighting is present and surrounding roadways are asphalt paved and sidewalks have concrete curbs.
Environmental	We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty. Any costs associated with contamination would need to be deducted from the final value concluded herein.
Parking	Extensive parking is provided with an estimated 101 stalls. There is ample parking space for use by the current owner-user, and as such, an unspecified number of stalls on the south side of the site are rented to the neighbouring property holder, Honda West at \$2,000 per month, or \$24,000 per annum. Information provided indicates that the agreement is informal in nature and can be terminated at any time.
Access	The subject property has narrow frontage due to its single-point of vehicular access via a curb cut onto Glenbrook Place SW, however, the full west side of the subject property has exposure to busy Sarcee Trail SW.
Site Coverage	25%.

Building Description

The following is based on our inspection and data obtained from the client.

Property Type	The subject property consists of a two-storey building with a developed basement. The building has been owner-occupied since construction in 1981 by the same company. The main floor consists primarily of showroom space with some office development and a small receiving / warehouse area. The majority of the second floor and basement space is utilized as a showroom with the balance of the basement space used as a warehouse area.
----------------------	--



Year Built 1981

Number of Storeys Two above grade
 One below grade

Typical Floor Plate Basement Level 15,228 Sq. Ft.
 Main Floor 15,625 Sq. Ft.
 Second Floor 15,062 Sq. Ft.
Total Area 45,915 Sq. Ft.

Net Rentable Area The rentable area of the subject property is summarized in the following chart:

Rentable Area		
Area Type	Area (sq.ft.)	Percentage of NRA
Office Area	500	1.09%
Retail Area	40,415	88.02%
Industrial Area	5,000	10.89%
Other	0	0.00%
Net Rentable Area (NRA)	45,915	100.00%
Storage Area	0	

Parking The parking ratio of 2.2 stalls per 1,000 sq. ft. is considered to be superior to other similar buildings/complexes in similar locations.

Construction Steel frame construction on a poured in-place concrete foundation. The 2nd floor is a poured concrete floor over metal decking. Exterior walls are brick veneer. Concrete columns provide a distinctive and recognisable feature. Glass windows / doors are encased in aluminum frames providing a typical storefront fenestration.

The roof is assumed to be covered with an EPDM rubber roof compound covered in gravel. It is reported to be resurfaced in 2017.

The main floor consists primarily of showroom space with some office development and a small receiving/ warehouse area. This receiving/ warehouse area has access to both loading doors and the freight elevator that runs from the basement to the second floor. The majority of the second floor and basement space is utilized as a showroom with the balance of the basement space used as a warehouse area.

McArthur Fine Furniture
67 Glenbrook Pl SW, Calgary, AB
102594

Heating of the showroom and 2nd floor offices is provided by rooftop units. Four rooftop units have been replaced within the last year.

Life safety and security include fire extinguishers, smoke detectors, emergency lighting and a security system.

Additional Information McArthur Fine Furniture is a local supplier of medium-high to high end furniture. Established in 1938, McArthur has remained a family-owned and operated operation. They moved to the subject location in 1981 and have become well established, being one of the only high-end furniture providers in the west end of Calgary. The 45,915 sq ft building is primarily showroom space, with about one-third of the basement used for warehouse purposes. The warehouse space consists of concrete flooring, t-bar ceilings, concrete walls and track lighting. The showroom spaces are a mix of various floor coverings (carpet, tile, laminate, and exposed concrete), t-bar ceiling, track lighting, and painted drywall walls. Previous interior improvements include the conversion of basement warehouse space to additional showroom space.

Special Features

Amenities in the building include the following:

- Conveyor access to the 2nd floor
- Heavy Power (1000 Amp 120/280 volt (must be verified))
- Four skylights on 2nd floor
- Grade Loading
- Exterior building lighting and signage

Condition

The building is in very good condition throughout with the owner reporting no major physical problems. General maintenance appears to be adequate and the building offers good utility for retail use.

Property Commentary

Overall, the building is in good condition and compares well with other buildings in the area.



Municipal Assessment and Taxes

	Total	Per Sq. ft.
Total Assessment (2017)	\$6,210,000	\$135.25
2017 Tax Levy:	\$110,193.35	\$2.40
Local Improvement Charges:	\$0	\$0.00
Total Levy:	<hr/> \$110,193.35	\$2.40

Commentary

Establishing reasonableness of assessed value and realty tax costs associated with the subject property is beyond the scope of this appraisal assignment. Municipal assessment information is provided here for informational purposes only.



Highest and Best Use

We refer the reader to Appendix A for the definition of Highest and Best Use.

Highest and Best Use as Improved

The subject property is a suburban retail building. The subject property consists of a two-storey building with a developed basement. The building has been owner-occupied since construction in 1981 by the same company. The main floor consists primarily of showroom space with some office development and a small receiving/ warehouse area. The majority of the second floor and basement space is utilized as a showroom with the balance of the basement space used as a warehouse area. The building is of very good quality and generates a positive cash flow which we expect to continue. Investment demand for this asset type is good. Therefore the current use is concluded to be both physically possible and financially viable.

There does not appear to be an alternative use that could reasonably be expected to provide a higher present value than the current use, since the improvements are specifically adapted to the existing use. The current use is therefore concluded to be the most profitable. Based on the foregoing, we conclude that the Highest and Best Use of the property, as improved, is its present use.

Highest and Best Use as if Vacant Land

Given the location of the subject property, the size and configuration of the site as well as the current zoning, it is likely that its use would be consistent with similar properties in the immediate area. Based on the foregoing, we conclude that the Highest and Best Use of the property, as vacant land, would be for the development of a retail / commercial project similar to that which currently exists on the site.



Valuation

Methodology

Three generally recognized methods can be employed to appraise real estate: the Cost Approach, the Income Approach and the Direct Comparison Approach. We estimate value by the Cost Approach by adding the land value to the replacement cost (less depreciation) of the improvement. The Income Approach involves the capitalization of a property's net income or potential net income, at an appropriate rate, into an indication of value. The Direct Comparison Approach is applied by comparing the subject property to similar properties that have sold recently or that are on the market.

Valuation Methodology Selected

The subject is a freestanding commercial building which appeals primarily for retail purposes. The subject is currently owner-occupied and has been since construction in 1981.

For valuation of the subject, as the building is owner occupied, the completion of the Direct Comparison Approach will be incorporated. In addition, the Income Approach incorporating the Direct Capitalization procedure will also be applied as a test of value.



Direct Comparison Approach

The Direct Comparison Approach has as its basis the comparison of the subject with recent sales of properties that have similar characteristics in terms of location and building type. A summary of the most relevant market data is shown below. The data has been analyzed by Altus for this appraisal. Collection of the data involved research with regional market participants and typical information sources.

Summary of Relevant Sales						
Sale ID	Address	Closing Date	Sale Price	Land Area (acres)	Rentable Area (Sq. Ft.)	Price / sq. ft.
Index # 1	Confidential	Pending	\$5,175,000	0.55	19,500	\$265
Index # 2	2517 5 Ave NW	Jun-17	\$6,900,000	0.93	22,030	\$313
Index # 3	1717 10 St NW	Jun-17	\$4,550,000	0.45	17,000	\$268
Index # 4	5555 Strathcona Hill SW	May-17	\$2,050,000	0.73	11,601	\$177
Index # 5	801 11 Ave SW	Oct-16	\$6,000,000	0.35	18,723	\$320

Sales Analysis

Recent relevant sales show unadjusted unit prices ranging from \$177 per sq. ft. to \$320 per sq. ft.

The values per sq. ft. are adjusted to consider differences between the subject and the comparable property sales and to consider changes in value over time, if necessary.

Sale #1 is the pending sale of a 19,500 sq. ft. two storey freestanding retail building which is owner occupied and sold for \$265 per sq. ft. The building was constructed in 1981 and renovated in 2011. At the time of sale the property was occupied and sold to a local Calgary business. The property features excellent exposure along Macleod Trail. Downward adjustments are warranted to account for the comparable's superior location and smaller building size. Relative to the subject, this sale is superior, and as such the subject is concluded at a lower unit rate.

Sale #2 is the June 2017 sale of a 22,030 sq. ft. leased retail building located near Crowchild Trail and sold for \$313 psf. The building was constructed in 1970 with subsequent renovations in 1992. The property is demised into two retail units and features a mix of showroom space, office and a large component of the rentable area is warehouse space. The interior units are reportedly in good physical condition. Downwards adjustments are warranted to account for the leased nature of the property, location and smaller building size. Relative to the subject, this sale is superior, and as such the subject is concluded at a lower unit rate.

McArthur Fine Furniture
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Sale #3 is the June 2017 sale of a 17,000 sq. ft. two storey freestanding retail/office building located near Capitol Hill and sold for \$268 psf. The building was constructed circa 1980. The property features brick construction with commercial glazed windows and underground parking. This property is zoned C-COR1f4.0h22 which allows varied uses including office, retail and multi-residential on the upper floors. Downwards adjustments are warranted to account for the leased nature of the property, location and smaller building size. Upwards adjustments are made to account for building quality, age and condition. On balance, this sale is superior, and as such the subject is concluded at a lower unit rate.

Sale #4 is the May 2017 sale of an 11,601 sq. ft. single storey multi-tenant retail strip located in Strathcona Park and sold for \$177 psf. The building was constructed in 1980. The property is reportedly in average condition. Downwards adjustments are warranted to account for the leased nature of the property and smaller building size. Upwards adjustments are warranted to reflect the comparable's inferior location and building quality, age and condition. On balance, this sale is inferior, and as such the subject is concluded at a higher unit rate.

Sale #5 is the October 2016 sale of an 18,723 sq. ft. two storey freestanding retail building which was owner occupied and sold for \$320 psf. This comparable is located centrally in the Beltline. The building was constructed in 1973 and has been subsequently renovated with front glass curtains, brick exterior and ample parking space. Downward adjustments are warranted to account for the comparable's superior location and smaller building size. Relative to the subject, this sale is superior, and as such the subject is concluded at a lower unit rate.

With regard to the preceding analysis the subject building value is estimated to range from \$210 to \$230 per sq. ft.



Direct Comparison Approach

	Subject	Index # 1	Index # 2	Index # 3	Index # 4	Index # 5
Address	67 Glenbrook Pl SW	Confidential	2517 5 Ave NW	1717 10 St NW	5555 Strathcona Hill SW	801 11 Ave SW
City	Calgary	Calgary	Calgary	Calgary	Calgary	Calgary
Date of Sale		Pending	Jun-17	Jun-17	May-17	Oct-16
Sale Price		\$5,175,000	\$6,900,000	\$4,550,000	\$2,050,000	\$6,000,000
Size	45,915 sq.ft.	19,500 sq.ft.	22,030 sq.ft.	17,000 sq.ft.	11,601 sq.ft.	18,723 sq.ft.
Price \$/psf		\$265 /sq.ft.	\$313 /sq.ft.	\$268 /sq.ft.	\$177 /sq.ft.	\$320 /sq.ft.
Comparison						
Financing/motivation		<i>Similar</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Similar</i>
Location		<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>
Building Size		<i>Smaller</i>	<i>Smaller</i>	<i>Smaller</i>	<i>Smaller</i>	<i>Smaller</i>
Building Quality (Age & Condition)		<i>Similar</i>	<i>Similar</i>	<i>Older</i>	<i>Similar</i>	<i>Similar</i>
Adjusted \$ / sq ft		\$212 /sq.ft.	\$235 /sq.ft.	\$228 /sq.ft.	\$203 /sq.ft.	\$256 /sq.ft.

Estimate of Market Value (Direct Comparison Approach)

Accordingly, based on a unit value of \$220 per sq. ft., we estimate the value by this approach at \$10,100,000.

Direct Comparison Approach - Valuation

Unit Value/sq. ft.	\$220
Rentable Area (sq. ft.)	45,915
Value Conclusion	\$10,101,300
Value Conclusion Rounded	\$10,100,000



Income Approach

Tenant Profile

As the building is currently owner occupied, we have forecast a market rental rate. The rent is assumed to be fully net, with a local or regional tenant covenant, 5 year term and with 1 x 5 renewal option.

Market Rental Rate

Appendix C provides a detailed market rental analysis. The time of lease, location, size, and freestanding nature of properties are characteristics that affect rents achieved. Freestanding properties such as the subject offer superior tenant identity relative to multi-use projects but this can be balanced against synergy in a particular development. Although the location of the comparable leases varies, the users are from large suburban retail category and hence are considered similar to the subject.

Market rents that would be realized for the second storey space of the subject property would be at a discounted rate from the main floor. This is typically reflected in cost and utility. The lease comparables available for analysis are primarily ground level retail area and therefore this should be considered in comparing these to the subject.

The rental comparables indicate average base lease rates ranging from \$15.00 to \$20.50 per sq. ft. with unit sizes ranging from 10,000 to 24,809 sq. ft.

The rental rates shown reflect current rents applicable to large well-appointed and located retail facilities. On balance, the subject building would appear to be similar to such buildings as these in terms of utility, location and overall appeal. With all factors considered, an appropriate rental rate in the mid-range of \$18 per sq. ft. would appear reasonable for the subject main floor. A discounted rent in the range of \$14 per sq. ft. would be appropriate for the second floor showroom. This equates to an overall blended rate of \$16 per sq. ft. for the total gross building area contained above grade.

With respect to determining an appropriate net rental rate for the basement space, we have noted that there is limited market evidence available for lower level showroom space that would serve as relevant comparables to the subject. Research indicates that an appropriate net rental rate for basement storage space should lie within the range of \$7 to \$10 per sq. ft.

Overall a blended lease rate has been concluded at \$16 per sq. ft. for the main level and second floor. A contributory rent at \$9 per sq. ft. is considered for the basement showroom area.

Potential Gross Revenues

Base Rental Revenue

Based on the above market rent conclusion, base rental revenues are estimated at \$628,044.

Other Revenue

Additional income of \$12,000 per annum is generated for the Access Easement for the benefit of the property to the east. This agreement is registered on title and is assumed to run in perpetuity. The nominal income from the leasing of parking stalls to Honda West has not been considered.

Recovery Expense Revenue and Operating Expenses

The lease is assumed to be fully net. Accordingly, all operating expenses (i.e. operating costs including management and realty taxes) would be fully paid for by the occupant.

Vacancy and Bad Debt Allowance

Both the investor and the appraiser are primarily interested in the annual revenue an income property is likely to produce over a specified period of time, rather than the income it could produce if it were always 100 percent occupied and all tenants were paying their rent in full and on time. For valuation purposes, a general vacancy deduction of 3% was adopted.

Non-Recoverable Operating Expenses

The majority of commercial premises are leased on a net basis except for structural. With consideration given to the construction components of the subject, a structural allowance of 1% is also considered and deducted from the effective gross income. As well, an additional Miscellaneous Expense of 0.25% of EGR is applied that would include all other non-recoverable operating expenses.



Direct Capitalization Procedure

By this procedure, we convert an estimate of stabilized net operating income (NOI) for a single year into an indication of value. We use the stabilized net income for the year starting at the appraisal date.

This procedure entails three steps:

- Determine stabilized NOI.
- Capitalize this NOI at the appropriate Capitalization Rate to determine an estimate of value based on stabilized occupancy.
- Adjust this value estimate, if applicable, for rent abatements, above/below market rent, existing vacancy, short term leasing costs, capital expenditures and amortized capital expense revenue.

Stabilized NOI

Stabilized Pro Forma - Retail Freestanding				
REVENUE				
Rent - Commercial				
Retail (Ground & 2nd floor)	30,687 sf	x	\$16.00 per sf	\$490,992
Basement	15,228 sf	x	\$9.00 per sf	\$137,052
Total Commercial Rent	45,915 sf			\$628,044
Plus: Other Income ¹				\$12,000
Gross Potential Income				\$640,044
Less: Vacancy and Collection Loss ²		3.00%		\$19,201
EFFECTIVE GROSS REVENUE				\$620,843
LESS: OPERATING EXPENSES³				
Miscellaneous Expenses		0.25% of EGR	\$1,552	
Non-Recoverable Structural Expenses		1.00% of EGR	\$6,208	
Total Expenses				\$7,761
NET OPERATING INCOME				\$613,082

¹ Other Income is stabilized net of vacancy. Access easement at \$12,000 per annum.

² Vacancy of 3% is applied to the total Potential Gross Revenue (excl. other income).

³ Total OPEX includes Non-Recoverable Structural Expenses at 1% EGR and Miscellaneous Expenses at 0.25% EGR.

Selection of Capitalization Rate

Altus InSite Investment Trends Survey

The most recent *Altus InSite Investment Trends Survey* for (Q2 2017) indicates capitalization rates ranging from 5.30% to 6.30% for the benchmark Enclosed Community Mall Retail Building. The subject property consists of a two-storey building with a developed basement. The building has been owner-occupied since construction in 1981 by the same company. The main floor consists primarily of showroom space with some office development and a small receiving / warehouse area. The majority of the second floor and basement space is utilized as a showroom with the balance of the basement space used as a warehouse area. We expect a similar capitalization for the subject given the strong location of the subject and the generally positive market tone.

Recent Investment Market Activity and Capitalization Rate Selection

The most relevant sales detailed at Appendix D, and summarized below, provide the greatest support for a Capitalization Rate (CR) selection.

Market Activity					
Index	Sale ID	Address or Name	City	CR	Closing Date
1	63582	Carrington Lighting Building	Calgary	5.01%	Jun-2017
2	64223	Whitewater Place	Calgary	6.27%	Jun-2017
3	62929	Strathcona Centre	Calgary	6.75%	May-2017
4	62057	330 26 AVE SW	Calgary	6.26%	Feb-2017
5	62041	4440 44 AVE NE	Calgary	6.64%	Dec-2016
6	56188	838 11 AVE SW	Calgary	5.28%	Feb-2016
7	62581	816 WILLOW PARK DR SE	Calgary	6.20%	Jan-2016

The recent comparable property sales indicate capitalization rates ranging from 5.01% to 6.75%, or an average of 6.06%. In selecting the comparable information a combination of local retail assets have been chosen.

The selection of an appropriate capitalization rate will to a great extent depend on the strength of the covenant, length of the lease and possible rental escalations. Until a formal arms-length lease is struck, all of these factors are unknown. Nevertheless, with regard to the physical and location features of the property, it should be possible to attract a suitable tenant or tenants. Based on the foregoing analysis, our capitalization rate conclusion is 6.25%.



Estimate of Market Value (Direct Capitalization)

Final Value - Direct Capitalization Procedure

Final Value - Direct Capitalization Procedure	
Stabilized NOI	\$613,082
Selected Capitalization Rate	6.25%
Stabilized Value	\$9,809,314
Final Value (Rounded)	\$9,800,000

Based on a capitalization rate of 6.25%, we estimate the subject property's value by this procedure at \$9,800,000.



Reconciliation and Conclusion

The estimates of value from the approaches used are:

Valuation Methodology	Parameters	Conclusion
Direct Comparison Approach	Unit Value @ \$220/sf	\$10,100,000
Direct Capitalization Approach	Cap Rate @ 6.25%	\$9,800,000

The Sales Comparison Approach is based on the sale of similar properties that have occurred in the market, and provides a valuation perspective from an owner user standpoint. In this instance, reasonable market evidence was available to estimate land and building value.

The Income Approach reflects the value to an investor based on the desired rate of return and the property's potential cash flow. In this instance, the Income Approach indicates a similar value range.

With regard to the market data at hand, most weight was placed on the Direct Comparison valuation approach with market value concluded at **\$10,100,000**.

Final Value Conclusion

Further to our analysis of the subject property and of the market data outlined in this report, we estimate the current market value of the property located at 67 Glenbrook Pl SW, Calgary, as at August 17, 2017, subject to the Extraordinary Assumptions listed in this report and the Standard Conditions outlined in Appendix A to be:

Ten Million One Hundred Thousand Dollars
\$10,100,000

Based on this estimate of current market value, liquidity is expected to be "good". We estimate a reasonable exposure time of 3 to 6 months to have sold the property at current market value.



Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct
- The reported analyses, opinions, and conclusions are limited only by the reported Extraordinary Assumptions and Limiting Conditions and Contingent and Limiting Conditions, and are our personal, unbiased professional analyses, opinions and conclusions
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved
- Compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of 572843 Alberta Ltd., the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event
- To the best of our knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice (“The Standards”)
- The property was inspected on August 17, 2017 by Tammy Magny McDowell. The content, form, and reasoning have been prepared and reviewed by Tammy Magny McDowell. A detailed inspection was not completed to report building condition. We have not knowingly withheld any comments or observations that might affect the opinions of value stated in this report
- I have the knowledge and experience to complete the assignment competently
- No one provided significant professional assistance to the undersigned
- The confidentiality of our client’s individual subject property data is of paramount importance to Altus Group Limited and we have taken reasonable and appropriate measures to safeguard client data against unauthorized access. A full description of our Client Data Policy appears on our web page www.altusgroup.com.
- Tammy Magny McDowell, B. A. (Econ), AACI, P. App is currently certified under the continuing education program of the Appraisal Institute of Canada, and is a licensed real estate appraiser in the Province of Alberta, pursuant to the Real Estate Act of Alberta.

In my opinion, the current market value of the fee simple interest in the subject property, subject to the Extraordinary Assumptions and Limiting Conditions listed on page 9 of this report and the Standard Terms and Limiting Conditions at Appendix A as at August 17, 2017 is **\$10,100,000**.

Altus Group Limited

Tammy Magny
McDowell

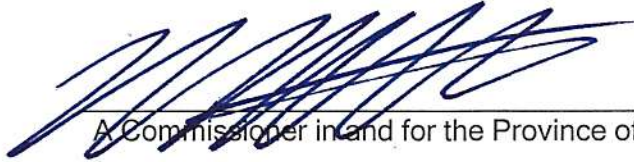


Digitally signed by Tammy Magny
McDowell
DN: cn=Tammy Magny McDowell,
o=Altus Group, ou=Valuation,
email=tammy.magny@altusgroup.c
om, c=CA
Date: 2017.10.25 16:25:27 -0600

Tammy Magny McDowell, B.A. (Econ), AACI, P.App

Date: October 25, 2017

This is Exhibit "B"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020

A handwritten signature in blue ink, appearing to read 'M. Whiting', is written over a horizontal line.

A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

MEDICAL/RETAIL REDEVELOPMENT OPPORTUNITY

67 GLENBROOK PLACE SW

CALGARY, ALBERTA

MEDICALLY ZONED



MEDICAL/RETAIL REDEVELOPMENT OPPORTUNITY

THE OPPORTUNITY

57 Glenbrook Place SW (the "Property") represents an excellent opportunity to acquire a medical/retail redevelopment opportunity in an established commercial district. The highly desirable, 46,587 square foot ("SF") Property, which occupies a 1.46-acre site with exposure to the major arterial of Sarcee Trail SW, offers a high demand location, with an abundance of retail, entertainment, service and transit offerings on its doorstep. The Vendor is prepared to lease-back ~10,000 SF at market rental rates.

Jones Lang LaSalle Real Estate Services, Inc. (the "Advisor") has been exclusively retained by MTK Properties Ltd. (the "Vendor") to seek proposals to acquire the Property. Interested parties will be required to execute and submit the Vendor's form of Confidentiality Agreement prior to receiving detailed information about the Property. The Property is being marketed by way of a conventional marketing process, without a list price and without a fixed date for the submission of interest to purchase. The Vendor is currently prepared to respond to expressions of interest as they are received.

INVESTMENT HIGHLIGHTS

- Medical use approved
- Highly desirable west-end location
- Exceptional exposure to 40,000 vehicles per day
- Extensive transportation upgrades planned at Sarcee and Richmond Road; will enhance access and traffic flow
- Close proximity to retail and service amenities
- Three levels of retail showroom space
- Highly desirable demographic profile within the trade area
- New roof replaced in 2017 and HVAC system in 2014

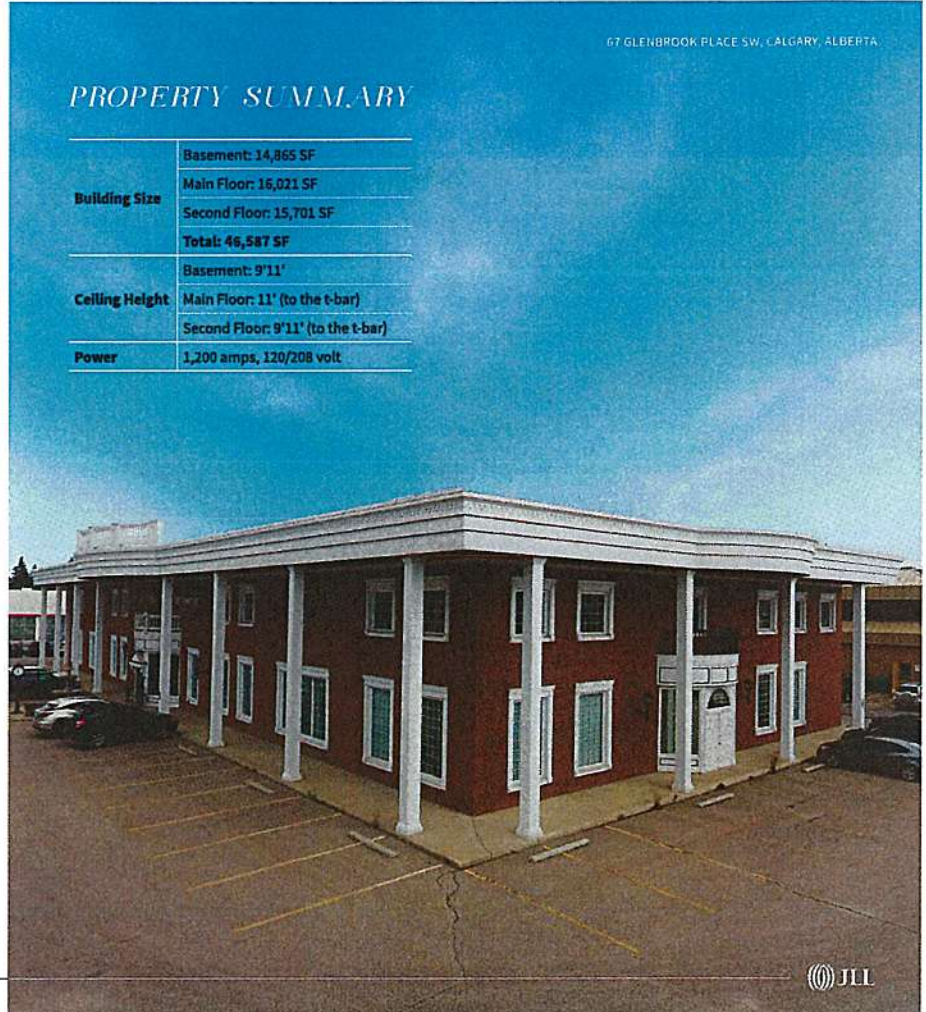
PROPERTY SUMMARY

				
PROPERTY ADDRESS 67 Glenbrook Place SW	SITE AREA 1.46 Acres	SITE DISTRICT Glenbrook	PROPERTY TAXES (2019) \$119,096.12	AVAILABLE Immediately
				
CURRENT ZONING C-COR3	PARKING ~88 Stalls	ELEVATOR Freight elevator services all three floors	LOADING 1 (8' X 8') Drive-In 1 (8' X 8') Dock	

67 GLENBROOK PLACE SW, CALGARY, ALBERTA

PROPERTY SUMMARY

Building Size	Basement: 14,865 SF
	Main Floor: 16,021 SF
	Second Floor: 15,701 SF
Total: 46,587 SF	
Ceiling Height	Basement: 9'11"
	Main Floor: 11' (to the t-bar)
	Second Floor: 9'11" (to the t-bar)
Power	1,200 amps, 120/208 volt



LOCATION HIGHLIGHTS

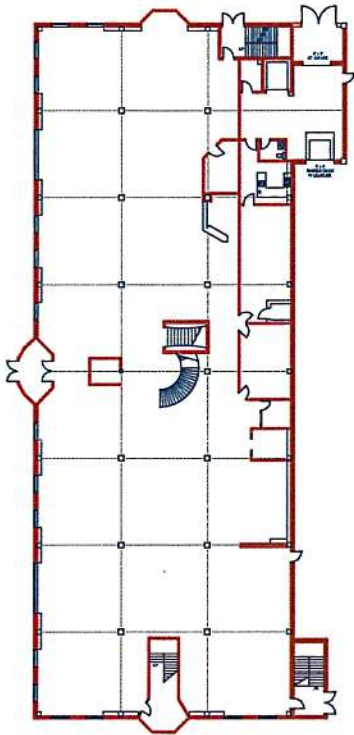
The Property is located at the end of the cul-de-sac on Glenbrook Place SW, within the established commercial district of Glenbrook. The position of the asset benefits from immediate access to Sarcee Trail SW and Glenmore Trail SW (and the future Ring Road), providing quick and efficient access to all major points in the city. Within walking distance of the Property are food outlets such as Starbucks and Save on Foods. The location also offers numerous other retail and amenities within a short drive.

-  67 Glenbrook Place SW, Calgary, Alberta
-  20 MINS to Downtown Calgary
-  4 MINS to Signall Hill Centre
-  32 MINS to Calgary International Airport
-  Wide variety of retail in close proximity
-  9 MINS to 69 Street C-Train Station
-  Easy access to Sarcee Trail SW
-  Bus Routes throughout the city

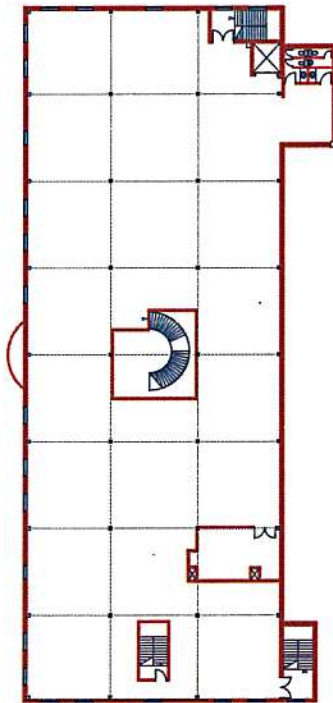


FLOOR PLAN

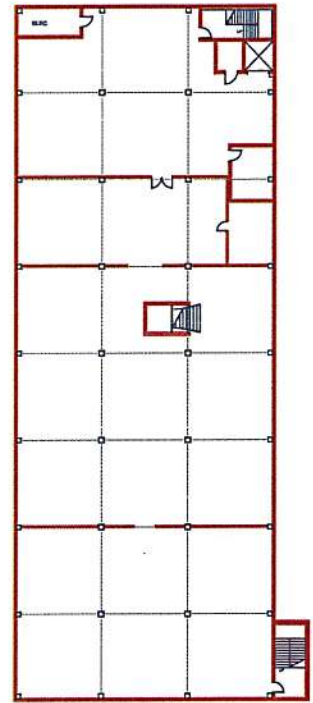
MAIN FLOOR
TOTAL RENTABLE AREA - 16,020 SF



SECOND FLOOR
TOTAL RENTABLE AREA - 15,701 SF



BASEMENT
TOTAL RENTABLE AREA - 14,864 SF



MEDICAL/RETAIL REDEVELOPMENT OPPORTUNITY

67 GLENBROOK PLACE SW, CALGARY, ALBERTA

CONCEPT PLAN



CONCEPT RENDERING



CONCEPT RENDERING

MEDICALLY ZONED



OFFERING PROCESS

Jones Lang LaSalle Real Estate Services Inc. (the "Advisor") has been exclusively retained by the Vendor to seek proposals to acquire the Property. Prospective purchasers should also be aware that a virtual data room (Box account) is setup to facilitate access to key property-related documents. Please contact either of the undersigned to arrange access to this website. Interested parties will be required to execute and submit the Vendor's form of Confidentiality Agreement prior to receiving detailed information about the Property.

All inquiries regarding the Property should be directed to:



JLL CAPITAL MARKETS

jll.ca | 403-456-2233
Suite 500 - 301 8th Ave SW
Calgary, AB T2P 1C5

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Senior Sales Associate
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DISCLAIMER

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This is Exhibit "C"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

Appraisal Report

prepared for:

Mr. Robert Pound
572843 Alberta Ltd.

prepared by:

Altus Group Limited © 2017

McArthur Fine Furniture

141 Gateway Drive NE
Airdrie, AB

At August 17, 2017

October 25, 2017

File No.: 102594

Mr. Robert Pound
McArthur Facilities
141 Gateway Drive NE
Airdrie, AB T3E 6W4

RE: McArthur Fine Furniture
141 Gateway Drive NE, Airdrie, AB

Mr. Pound:

Further to your request, we have inspected the above-noted property and have completed our investigations and analyses in accordance with the stated Scope of Work in order to provide our opinion of the current market value of the fee simple interest in the property on an all-cash basis, as defined herein. The intended user of this report is 572843 Alberta Ltd. The intended use is to provide 572843 Alberta Ltd. with a basis for financing and no other use. No additional Intended Users are identified or intended by the appraiser.

Subject to the Standard Conditions in **Appendix A**, it is our opinion that the current market value of the subject property, as of the effective date, August 17, 2017, is:

Eight Million Seven Hundred Thousand Dollars
\$8,700,000

Based on this estimate of current market value liquidity is considered “good”. We estimate a normal exposure time of **3 to 6 months** to have sold this property at its current market value. Should you have any questions, please feel free to contact us.

Respectfully submitted,

Altus Group Limited

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Appendices

Appendix A

- Terms of Reference
- Scope of Work
- Limiting Conditions
- Definitions

Appendix B

- Certificate of Title

Appendix C

- Market Rental Rate Estimate

Appendix D

- Sales of Comparable Properties

Appendix E

- Photographs of Subject Property
- Location Maps
- Site Plan



Executive Summary



141 Gateway Drive NE, Airdrie, AB

Subject property consists of a single storey with mezzanine commercial retail warehouse building comprising 36,080 sq. ft. of space. The building is situated on a 2.01 acre DC 27 (Direct Control 27/ IB-1) classified site located in the Gateway district in the north of the City of Airdrie.

Final Value Conclusion¹ as at: August 17, 2017

\$8,700,000

Unit Value	▪ \$240 per sq. ft.
Stabilized NOI	▪ \$518,402
Stabilized NOI per sq. ft.	▪ \$14.37
Capitalization Rate	▪ 6.25%
Exposure Time	▪ 3 to 6 months

Conclusions

Direct Comparison	▪ \$8,700,000
Direct Capitalization	▪ \$8,300,000

¹ Value is subject to the Extraordinary Assumptions and the Standard Conditions listed in this report.



Analysis and Commentary

Strengths	Weaknesses
Location	
<ul style="list-style-type: none"> ▪ The subject property occupies a corner position. ▪ Emerging commercial industrial node and natural extension of other districts such as Highland and Eastlake Industrial parks. ▪ Excellent exposure to Hwy 2. ▪ Excellent linkage to important local and regional transportation routes including Highway 2. 	<ul style="list-style-type: none"> ▪ Developing nature of Gateway Commercial Centre. The district has seen the construction of larger retail projects but has yet to commence the development of other commercial industrial projects. ▪ The City of Airdrie has implemented tight development restrictions, particularly in the new parks resulting in higher vacancy rates and numerous undeveloped sites.
Physical Characteristics	
<ul style="list-style-type: none"> ▪ New design-build construction. ▪ Freestanding building attractive to a range of commercial/industrial businesses. ▪ High quality building featuring 32 ft clear height, 5 dock level doors and two O/H drive-in doors, high efficiency lighting, elevator and a specially designed racking system. 28% developed with retail showroom and offices. ▪ Average parking ratio of 0.83 stalls per 1,000 sf. 	<ul style="list-style-type: none"> ▪ None noted.

Liquidity

Liquidity is the measure of the typical buyer's desire and ability to purchase the property. An estimate of market value should include an assessment of liquidity. Overall, we consider the liquidity of the subject property to be "good" at the value reported herein. A detailed definition of "good" liquidity is presented in Appendix A.



Introduction

Date and Purpose of the Appraisal

The purpose of this appraisal is to estimate the **current** market value of the **fee simple interest** in the subject property as at **August 17, 2017**. The intended use of this appraisal is to assist in financing and no other use.

We refer you to Appendix A of this report for a detailed description of the Terms of Reference, including definitions of Market Value, Liquidity, and Highest and Best Use.

Assumptions and Limiting Conditions

The reader's attention is drawn to certain Standard Conditions that are outlined at Appendix A.

Financing For the purpose of this appraisal we have assumed that the property is free and clear of all financing.

Encumbrances A full search and interpretation of the title are beyond the scope of this appraisal and the report is contingent on the expectation that there are no material encumbrances that would affect value unless otherwise noted. However, as these can have a significant impact on the market value and / or marketability, legal advice is recommended.

Extraordinary Assumptions

The estimated value included herein will potentially be impacted if any of the following Extraordinary Assumptions are not realized as of the effective date.

Environmental Issues We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty.

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Ownership and History of the Property

The subject property is currently owned by MTK Properties Ltd.

The current owners purchased the site in October 2008 for \$1,306,750 and constructed the subject building in 2009. Our research indicates that there has been no other sales activity on this property within the past three years. To the best of our knowledge, the property is not listed for sale on the open market or under contract for sale.



Property Description

Neighbourhood Description

Airdrie is located just 5 kilometres north of Calgary city limits off of Highway 2 (a divided six lane freeway through the city). The subject property is located in the newly developing area of Gateway Commercial in Airdrie.

Gateway Commercial Centre is strategically located on the west side of Hwy 2 at the north entrance to Airdrie. Gateway is in the marketing stage, initially offering 27 industrial parcels totalling 44 acres. Currently 13 lots have sold to companies such as Atco Gas and Wander Car and Truck Wash. 14 lots remain available at prices from \$425,000 to \$525,000 per acre. The immediate surrounding area is a natural extension of Airdrie's residential neighbourhoods, the developing Highland Business Park, and the established East Lake Industrial district. Highland Business Park is currently being serviced and has already seen the development of a large distribution centre for Costco. East Lake Industrial was initially developed in the 1970's and is now essentially fully built out with a variety of businesses ranging from auto dealerships to heavy manufacturing plants. In addition, Beedie Development Corporation is in the preliminary stages of developing a 260 acre commercial industrial business park located along the east side of Hwy 2, north of Irricana Road at the north entrance to Airdrie. Beedie intends to fully develop the park, offering a combination of design build for lease and spec buildings. None of the proposed lots will be available for sale.

The district is well served by local and regional transportation routes, including immediate access to Highway #2. This is considered an important aspect of Gateway Commercial Centre. The location of the park at the north entrance to Airdrie is also very convenient for companies who do business along the Hwy 2 Corridor between Calgary and Edmonton.

The City of Airdrie is one of the fastest growing communities in Alberta and has witnessed an expansion in its population base over the past twelve years, which has resulted in several major retail and commercial developments including The Edge, redevelopment of Towerlane Mall, The Breeze, Crown Shores, the adjacent Railtown, Wal-Mart, Sobey's, Home Depot, Yankee Valley Crossing, Sierra Springs retail development and Kingsview Market.

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Neighbourhood Map

Adjacent Land Uses

- North Motel Airdrie AB, Motel 6, Public Storage.
- West Gateway Drive NE and vacant land.
- South Gateway Road NE and vacant land.
- East Highway 2/QEII Highway.

Land Use Controls

- Municipal Plan City of Airdrie Land Use Bylaw B-09/2005
- Zoning / Land Use Direct Control 27(IB-1)
- Permitted Uses Range of industrial and commercial uses
- Permitted Height Current zoning controls permit construction of improvements with heights up to 26 metres for Hotels and Motels; and 17 metres for all other sites.
- Parking Requirements The municipality requires parking to be provided on the basis of a minimum parking ratio of 1 stall per 37 sq. m. of retail floor area plus 1 stall per 93 sq. m. of storage area.



Site Specific By-Law	Section 8-28; Direct Control 27 District
Allowable Density	The Floor Area Ratio is not permitted to exceed 1.0 for the subject property.
Excess Density	Given the building's position on the site and existing density, the property appears to be effectively built out. Legal and planning advice is advised for certainty.

Site Description

Legal Description	Plan 081892, Block 5, Lot 1 Excepting thereout all mines and minerals This description was obtained from the Title and is assumed to be correct.
Site Area	2.01 acres
Site Position	Site occupies a corner position. The location of the subject parcel is considered one of its strongest attributes. This location provides excellent exposure to Queen Elizabeth Highway #2.
Topography	The site is generally level and at grade with adjoining properties.
Configuration	Rectangular
Frontage	395 feet of frontage along Gateway Road NE. 223 feet of frontage along Gateway Drive NE. 30 parking stalls.
Special Features	Site improvements include a fully paved site with loading area, with good landscaping on the perimeter of the site. Concrete sidewalk runs the length of the building on the east and south elevations, with concrete curbing on the perimeter.
Services	Full municipal services are provided including storm sewers, sanitary, water, natural gas, telephone and hydro. Street lighting is present and surrounding roadways are asphalt paved and sidewalks have concrete curbs.

Environmental We are not experts in environmental matters and make no representations regarding them. It is assumed for the purpose of this report that there is no environmental contamination. A formal environmental audit should be conducted for certainty. Any costs associated with contamination would need to be deducted from the final value concluded herein.

Site Coverage 32% based on building footprint of 28,385 sq. ft.

Building Description

The following is based on our inspection and data obtained from the client.

Property Type Owner occupied commercial industrial

Year Built 2009

Number of Storeys Single storey plus mezzanine.

Typical Floor Plate 28,385 sq. ft.

Net Rentable Area The rentable area of the subject property is summarized in the following chart:

Rentable Area		
Area Type	Area (sq.ft.)	Percentage of NRA
Office Area	0	0.00%
Retail Area	9,936	27.54%
Industrial Area	26,144	72.46%
Other	0	0.00%
Net Rentable Area (NRA)	36,080	100.00%
Storage Area	0	

The subject building is a single storey plus mezzanine commercial industrial facility which was purpose built in 2009 by the current owners to accommodate the sales and storage operations of their fine furniture business. The main level is 28,385 square feet in size demised as approximately 5,285 square feet of retail space and 23,100 square feet of warehouse space. The mezzanine is 7,695 square feet in size, demised as 4,651 square feet of retail space and 3,044 square feet of warehouse storage space. Total square footage for the entire building is 36,080 square feet.



Parking The parking ratio of 0.83 stalls per 1,000 sq. ft. is considered to be comparable to other similar buildings/complexes in similar locations.

Construction Steel frame construction on a poured in-place concrete foundation. The mezzanine floor is a poured concrete floor over metal decking. Exterior walls are combination insulated stucco panels with brick accent veneer. Concrete columns provide a distinctive and recognisable feature. Glass windows / doors are encased in aluminum frames providing a typical storefront fenestration.

The roof is assumed to be covered with an EPDM rubber roof compound covered in gravel.

The main floor retail area comprises a reception area, showroom and several offices and elevator at the north end of the building. A janitor room, staff area and 2 washrooms are located near the south side. Lighting in the majority of the showroom area is recessed and suspended fluorescent fixtures. Heating of the showroom is provided by rooftop units.

There are two entrances to the warehouse area from the main floor retail area and one entrance to the warehouse area from the mezzanine. The warehouse area is heated by rooftop HVAC units, as well as infrared heaters and circulation fans. The building has 800 amp electrical service and lighting is by T-8 daylight spectrum florescent lighting. There are 5 dock level doors and two overhead drive-in doors.

Life safety and security include fire extinguishers, sprinkler system, emergency lighting and a security system.

Additional Information McArthur Fine Furniture is a local supplier of medium-high to high end furniture. Established in 1938, McArthur has remained a family-owned and operated operation.

Special Features Amenities in the building include the following:

- ⦿ Elevator access to the 2nd floor
- ⦿ Heavy Power (800 Amp 120/208 volt)
- ⦿ Added insulation
- ⦿ Dock loading
- ⦿ Grade Loading
- ⦿ Exterior building lighting and signage

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Condition

The building is in excellent condition. The retail component comprises 28% of the total gross building area. Interior finishing is above average quality and includes broadloom carpeting, painted drywall, LED track lighting, and peripheral offices.

The warehouse comprises 72% of the total gross building area. Interior features include a 32 ft clear height, a specially designed racking system, T-8 daylight spectrum lighting, infrared heaters, five dock level doors and two drive-in doors.

Property Commentary

Overall, the building is in excellent condition and competes well with other buildings in the area.

Municipal Assessment and Taxes

	Total	Per Sq. ft.
Total Assessment (2017)	\$3,500,000	\$179.49
2017 Tax Levy:	\$62,105.75	\$3.18
Local Improvement Charges:	\$0	\$0.00
Total Levy:	\$62,105.75	\$3.18

Commentary

Establishing reasonableness of assessed value and realty tax costs associated with the subject property is beyond the scope of this appraisal assignment. Municipal assessment information is provided here for informational purposes only.



Highest and Best Use

We refer the reader to Appendix A for the definition of Highest and Best Use.

Highest and Best Use as Improved

The subject property is an owner-occupied commercial/industrial building of excellent quality which is owner occupied. Investment demand for this asset type is good. Therefore the current use is concluded to be both physically possible and financially viable.

There does not appear to be an alternative use that could reasonably be expected to provide a higher present value than the current use, since the improvements are specifically adapted to the existing use. The current use is therefore concluded to be the most profitable. Based on the foregoing, we conclude that the Highest and Best Use of the property, as improved, is its present use.

Highest and Best Use as if Vacant Land

Given the location of the subject property, the size and configuration of the site as well as the current zoning, it is likely that its use would be consistent with similar properties in the immediate area. Based on the foregoing, we conclude that the Highest and Best Use of the property, as vacant land, the development of a commercial industrial project similar to that which currently exists on the site.



Valuation

Methodology

Three generally recognized methods can be employed to appraise real estate: the Cost Approach, the Income Approach and the Direct Comparison Approach. We estimate value by the Cost Approach by adding the land value to the replacement cost (less depreciation) of the improvement. The Income Approach involves the capitalization of a property's net income or potential net income, at an appropriate rate, into an indication of value. The Direct Comparison Approach is applied by comparing the subject property to similar properties that have sold recently or that are on the market.

Valuation Methodology Selected

The subject is a freestanding commercial industrial building which would appeal to an owner-user and investor. The subject is currently owner-occupied and has been since construction in 2009.

For valuation of the subject, as the building is owner occupied, the completion of the Direct Comparison Approach will be incorporated. In addition, the Income Approach incorporating the Direct Capitalization procedure will also be applied as a test of value.



Direct Comparison Approach

The Direct Comparison Approach has as its basis the comparison of the subject with recent sales of properties that have similar characteristics in terms of location and building type. A summary of the most relevant market data is shown below. The data has been analyzed by Altus for this appraisal. Collection of the data involved research with regional market participants and typical information sources.

Summary of Relevant Sales						
Sale ID	Address	Closing Date	Sale Price	Land Area (acres)	Rentable Area (Sq. Ft.)	Price / sq. ft.
62260	3 Kingsview Rd SE	Feb-17	\$5,432,000	4.46	27,535	\$197
63804	105-109 East Lake Cr NE	Nov-16	\$2,275,000	1.09	8,500	\$268
56809	2964 Kingsview Blvd SE	Oct-16	\$2,825,000	1.68	12,464	\$227
61466	518 East Lake Rd NE	Aug-16	\$1,050,000	0.55	6,000	\$175
62284	35 Mackenzie Way SE	Mar-17	\$24,400,000	18.87	73,501	\$332
62056	400 Main St N 105	Nov-16	\$9,500,000	2.62	28,859	\$329

Sales Analysis

Recent relevant sales show unadjusted unit prices ranging from \$175 per sq. ft. to \$332 per sq. ft. for buildings which range in size from 6,000 to 73,501 square feet in size.

Due to the style and quality of construction in addition to the high percentage of very good quality showroom space exhibited by the subject building, exact comparables are scarce. As such examples of sales transactions from both the retail and industrial asset classes have been presented herein.

The values per sq. ft. are adjusted to consider differences between the subject and the comparable property sales and to consider changes in value over time, if necessary.

Sale #1 is the February 2017 sale of a 27,535 sq. ft. two storey multi-tenanted industrial property which sold for \$158 per sq. ft. The building was constructed in 2009. At the time of sale the property was fully leased. The property well located in the southeast near HWY 2. Downward adjustments are warranted to account for the comparable's leased nature and superior location. Upwards adjustments are warranted to account for the comparable's inferior building quality, age and condition. On balance, this sale is inferior, and as such the subject is concluded at a higher unit rate.

Sale #2 is the November 2016 sale of an 8,500 sq. ft. owner occupied industrial building located in East Lake District and sold for \$268 psf. The building was constructed in 1988 with subsequent renovations in 2017. The property features an office/showroom space estimated at 30% of the building area. Additional

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updates included extensive renovations of the building's façade and paved parking. Downwards adjustments are warranted to account for smaller building size and upwards adjustments account for the comparable's inferior location. On balance, a lower unit rate is concluded for the subject.

Sale #3 is the October 2016 sale of a 12,464 sq. ft. freestanding industrial building located in the southeast of Airdrie and sold for \$227 psf. The building was constructed in 2013. The property features steel framed construction with metal exterior, 20% developed office, paved parking and irrigated landscaping. Downward adjustments are warranted to account for the comparable's superior location and smaller building size. Relative to the subject, this sale is inferior, and as such the subject is concluded at a higher unit rate.

Sale #4 is the August 2016 sale of a 6000 sq. ft. single storey industrial building located in East Lake Industrial and sold for \$175 psf. The building was constructed in 1981 and is an example of a more traditional industrial project. The property is constructed with steel frame structure and insulated metal clad exterior. Downwards adjustments are warranted to account for the smaller building size. Upwards adjustments are warranted to reflect the comparable's inferior location and building quality, age and condition. On balance, this sale is inferior, and as such the subject is concluded at a higher unit rate.

Sale #5 is the March 2017 sale of a 73,501 sq. ft. multi-tenant retail strip located west of downtown Airdrie and sold for \$281 psf. At the time of sale, the property was fully leased. The building was constructed in 2010 and features a high level buildout. Downward adjustments are warranted to account for the comparable's leased nature, superior location and superior building quality, age and condition. Upwards adjustments account for the larger building size. On balance, this sale is superior, and as such the subject is concluded at a lower unit rate.

Sale #6 is the November 2016 sale of a 28,859 sq. ft. multi-tenant retail strip located on the main street of a busy central business district and sold for \$329 psf. At the time of sale, the property was reportedly 96% leased with rental rates at close to market. The building was constructed in 1980 and was reportedly in good condition and features 14 retail units within an L-shaped retail plaza. Downward adjustments are warranted to account for the comparable's leased nature and superior location. Upwards adjustments account for the building quality, age and condition. On balance, this sale is superior, and as such the subject is concluded at a lower unit rate.

With regard to the preceding analysis, the indicated unit value of the subject is estimated to range from \$230 to \$250 psf. For valuation purposes, a mid range unit value of \$240 psf is concluded.

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Direct Comparison Approach							
Subject	Index # 1	Index # 2	Index # 3	Index # 4	Index # 5	Index # 6	
Address	141 Gateway Dr NE	3 Kingsview Rd SE	105-109 East Lake Cr NE	2964 Kingsview Blvd SE	518 East Lake Rd NE	35 Mackenzie Way SE	400 Main St N 105
City	Airdrie	Airdrie	Airdrie	Airdrie	Airdrie	Airdrie	Airdrie
Date of Sale		Feb-17	Nov-16	Oct-16	Aug-16	Mar-17	Nov-16
Sale Price		\$5,432,000	\$2,275,000	\$2,825,000	\$1,050,000	\$24,400,000	\$9,500,000
Size	36,080 sq.ft.	27,535 sq.ft.	8,500 sq.ft.	12,464 sq.ft.	6,000 sq.ft.	73,501 sq.ft.	28,859 sq.ft.
Price \$ / psf		\$197 /sq.ft.	\$268 /sq.ft.	\$227 /sq.ft.	\$175 /sq.ft.	\$332 /sq.ft.	\$329 /sq.ft.
Comparison							
Financing/motivation		<i>Superior</i>	<i>Similar</i>	<i>Similar</i>	<i>Similar</i>	<i>Superior</i>	<i>Superior</i>
Location		<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Superior</i>	<i>Superior</i>
Building Size		<i>Similar</i>	<i>Superior</i>	<i>Superior</i>	<i>Superior</i>	<i>Inferior</i>	<i>Similar</i>
Building Quality (Age & Condition)		<i>Inferior</i>	<i>Similar</i>	<i>Similar</i>	<i>Inferior</i>	<i>Superior</i>	<i>Inferior</i>
Adjusted \$ / sq ft		\$197 /sq.ft.	\$254 /sq.ft.	\$193 /sq.ft.	\$219 /sq.ft.	\$266 /sq.ft.	\$296 /sq.ft.

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Estimate of Market Value (Direct Comparison Approach)

Accordingly, based on a unit value of \$240 per sq. ft., we estimate the value by this approach at \$8,700,000.

Direct Comparison Approach - Valuation

Direct Comparison Approach - Valuation	
Unit Value/sq. ft.	\$240
Rentable Area (sq. ft.)	36,080
Value Conclusion	\$8,659,200
Value Conclusion Rounded	\$8,700,000



Income Approach

Tenant Profile

As the building is currently owner occupied, we have forecast a market rental rate. The rent is assumed to be fully net, with a local or regional tenant covenant, 5 year term and with 1 x 5 renewal option.

Market Rental Rate

Appendix C provides a detailed market rental analysis. The time of lease, location, size, and freestanding nature of properties are characteristics that affect rents achieved. Freestanding properties such as the subject offer superior tenant identity relative to multi-use projects but this can be balanced against synergy in a particular development. Although the location of the comparable leases varies, the rental transactions chosen are considered similar to the subject.

Due to the style and quality of construction in addition to the high percentage of very good quality showroom space exhibited by the subject building, exact comparables are scarce. As such examples of lease transactions from both the retail and industrial asset classes have been presented herein.

The retail lease comparables available for analysis indicate average base lease rates ranging from approx. \$24.00 to \$29.00 per sq. ft. with unit sizes ranging from approx. 17,000 to 38,000 sq. ft. of well-located 100% retail space.

The industrial lease comparables available for analysis indicate average base lease rates ranging from \$11.00 to \$22.00 per sq. ft. on sizes ranging from 7,500 to 35,000 sq. ft. of industrial space.

With consideration given to the physical features of the subject and composition of commercial industrial features, market rent is estimated in the range of \$14.00 to \$16.00 psf. This is above standard industrial but below pure retail. For valuation purposes a rental rate of \$15.00 psf is forecast.

Potential Gross Revenues

Base Rental Revenue

Based on the above market rent conclusion, base rental revenues are estimated at \$541,200.

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Other Revenue

Based on information provided by the client, the subject property does not generate any other revenue.

Recovery Expense Revenue and Operating Expenses

The lease is assumed to be fully net. Accordingly, all operating expenses (i.e. operating costs including management and realty taxes) would be fully paid for by the occupant.

Vacancy and Bad Debt Allowance

Both the investor and the appraiser are primarily interested in the annual revenue an income property is likely to produce over a specified period of time, rather than the income it could produce if it were always 100 percent occupied and all tenants were paying their rent in full and on time. For valuation purposes, a general vacancy deduction of 3% was adopted.

Non-Recoverable Operating Expenses

The majority of commercial premises are leased on a net basis except for structural. With consideration given to the construction components of the subject, a structural allowance of 1% is also considered and deducted from the effective gross income. As well, an additional Miscellaneous Expense of 0.25% of EGR is applied that would include all other non-recoverable operating expenses

Capital Expenditures

A detailed capital expenditure forecast for the property has not been provided. A Building Condition Report is recommended. Any non-recoverable capital expenditures discovered would need to be deducted from the value concluded herein.



Direct Capitalization Procedure

By this procedure, we convert an estimate of stabilized net operating income (NOI) for a single year into an indication of value. We use the stabilized net income for the year starting at the appraisal date.

This procedure entails three steps:

- Determine stabilized NOI.
- Capitalize this NOI at the appropriate Capitalization Rate to determine an estimate of value based on stabilized occupancy.
- Adjust this value estimate, if applicable, for rent abatements, above/below market rent, existing vacancy, short term leasing costs, capital expenditures and amortized capital expense revenue.

Stabilized NOI

Stabilized Pro Forma - 141 Gateway			
REVENUE			
Rent - Commercial			
Commercial/Industrial	36,080 sf	x \$15.00 per sf	\$541,200
Gross Potential Income			\$541,200
Less: Vacancy and Collection Loss ¹		3.00%	\$16,236
EFFECTIVE GROSS REVENUE			\$524,964
LESS: OPERATING EXPENSES²			
Miscellaneous Expenses		0.25% of EGR	\$1,312
Non-Recoverable Structural Expenses		1.00% of EGR	\$5,250
Total Expenses			\$6,562
NET OPERATING INCOME			\$518,402

¹ Vacancy of 3% is applied to the Gross Potential Income

² Total OPEX includes Non-Recoverable Structural Expenses at 1% of EGR and Miscellaneous Expenses at 0.25% of EGR

Selection of Capitalization Rate

Altus InSite Investment Trends Survey

The most recent *Altus InSite Investment Trends Survey* for (Q1 2017) indicates capitalization rates ranging from 5.50% to 6.50%, with a mean of 5.90% for the benchmark Greater Calgary Single Tenant Industrial property. We expect a similar capitalization for the subject property given the assumed fully leased nature of the subject and its modern finishes.

Recent Investment Market Activity and Capitalization Rate Selection

The most relevant sales detailed at Appendix C, and summarized below, provide the greatest support for a capitalization rate selection.

Summary of Relevant Sales					
Index	Sale ID	Address	City	CR %	Sale Date
1	62260	3 Kingsview Rd SE	Airdrie	6.05%	Feb-17
2	61696	8010 44 St SE	Calgary	6.73%	Jan-17
3	60968	3815 32 St NE	Calgary	6.27%	Jan-17
4	59133	9540-9550 Endeavor Dr SE	Rocky View County	6.73%	Jan-17
5	57474	2820 Centre Ave NE	Calgary	6.69%	Sep-16
6	50962	2890 Kingsview Blvd, 104	Airdrie	6.00%	Oct-14

The CRs indicated by the recent comparable property sales indicate capitalization rates ranging from 6.00% to 6.73%. In selecting the comparable information a combination of retail and industrial assets have been chosen.

The selection of an appropriate capitalization rate will to a great extent depend on the strength of the covenant, length of the lease and possible rental escalations. Until a formal arms-length lease is struck, all of these factors are unknown. Nevertheless, with regard to the physical and location features of the property, it should be possible to attract a suitable tenant.

Based on the foregoing analysis, our capitalization rate conclusion is 6.25%.



Estimate of Market Value (Direct Capitalization)

Final Value - Direct Capitalization Procedure	
Stabilized NOI	\$518,402
Selected Capitalization Rate	6.25%
Stabilized Value	\$8,294,438
Final Value (Rounded)	\$8,300,000

Based on a capitalization rate of 6.25%, we estimate the subject property's value by this procedure at \$8,300,000.



Reconciliation and Conclusion

The estimates of value from the approaches used are:

Valuation Methodology	Parameters	Conclusion
Direct Comparison Approach	Unit Value @ \$240/sf	\$8,700,000
Direct Capitalization Approach	Cap Rate @ 6.25%	\$8,300,000

The Sales Comparison Approach is based on the sale of similar properties that have occurred in the market, and provides a valuation perspective from an owner user standpoint. In this instance, reasonable market evidence was available to estimate land and building value.

The Income Approach reflects the value to an investor based on the desired rate of return and the property's potential cash flow. In this instance, the Income Approach indicates a similar value range.

With regard to the market data at hand, most weight was placed on the Direct Comparison valuation approach with market value concluded at \$8,700,000.

Final Value Conclusion

Further to our analysis of the subject property and of the market data outlined in this report, we estimate the current market value of the property located at 141 Gateway Drive NE, Airdrie, as at August 17, 2017, subject to the Extraordinary Assumptions listed in this report and the underlying Standard Conditions outlined in Appendix A to be:

Eight Million Seven Hundred Thousand Dollars
\$8,700,000

Based on this estimate of current market value, liquidity is expected to be "good." We estimate a reasonable exposure time of 3 to 6 months to have sold the property at current market value.



Certification

I certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct
- The reported analyses, opinions, and conclusions are limited only by the reported Extraordinary Assumptions and Standard Conditions, and are our personal, unbiased professional analyses, opinions and conclusions
- I have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved
- Compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of 572843 Alberta Ltd., the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event
- To the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice ("The Standards")
- The property was inspected on August 17, 2017 by Tammy Magny McDowell. A detailed inspection was not completed to report building condition. We have not knowingly withheld any comments or observations that might affect the opinions of value stated in this report
- I have the knowledge and experience to complete the assignment competently
- No one provided significant professional assistance to the undersigned.
- The confidentiality of our client's individual subject property data is of paramount importance to Altus Group Limited and we have taken reasonable and appropriate measures to safeguard client data against unauthorized access. A full description of our Client Data Policy appears on our web page www.altusgroup.com.
- As of the date of this report the undersigned had fulfilled the requirements of the Appraisal Institute of Canada Continuing Professional Development Program for members. Pursuant to the Real Estate Act of Alberta Tammy Magny McDowell is a licensed appraiser.

In my opinion, the current market value of the fee simple interest in the subject property, subject to the Extraordinary Assumptions and Hypothetical Conditions listed on page 5 of this report and the Standard Conditions at Appendix A as at August 17, 2017 is \$8,700,000.

Altus Group Limited

Tammy Magny
McDowell

Digitally signed by Tammy Magny
McDowell
DN: cn=Tammy Magny McDowell,
o=Altus Group, ou=Valuation,
email=tammy.magny@altusgroup.com,
c=CA
Date: 2017.10.25 16:24:54 -0600

Tammy Magny McDowell, B.A. (Econ), AACI, P.App

Date: October 25, 2017

Appendices

This is Exhibit "D"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020

A handwritten signature in blue ink, consisting of several overlapping, stylized loops and strokes, positioned above a horizontal line.

A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

EXCLUSIVE SALE LISTING AGREEMENT

TO: JONES LANG LASALLE REAL ESTATE SERVICES, INC.
Suite 500, 301 – 8th Avenue SW
Calgary, Alberta T2P 1C5

Attention: Marshall Toner

Dear Sir:

Re: *Exclusive Sale Listing Agreement (the "Agreement") for the property located at 141 Gateway Drive NE, Airdrie, Alberta (the "Property" as legally described in Schedule "A")*

1. In consideration of Jones Lang LaSalle Real Estate Services, Inc. ("JLL") agreeing to market the Property for sale, **MTK PROPERTIES LTD.** (the "Vendor") hereby authorizes and appoints JLL as its Exclusive Agent to sell the Property for the sum of **five million nine hundred and fifty thousand (\$5,950,000.00) DOLLARS** cash or such other terms as may be agreed upon between JLL and the Vendor and the Vendor agrees to pay to JLL the commission as defined herein. All deposits shall be forwarded to JLL to be held in trust.
2. The commission payable to JLL (the "Commission") shall be calculated on the following basis:

	Purchaser Represented By JLL Only	Purchaser Represented By Outside Broker
Commission Payable (JLL)	3%	1.5%
Commission Payable (Outside Broker)	0%	1.5%

The Commission shall be paid by the Vendor to JLL upon the completion of the sale. Any Commission payable shall be deducted from any deposit held by JLL in trust with any balance payable by the Vendor forthwith.

Notwithstanding the foregoing table, Commission paid to the co-operating broker shall be in the sole discretion of JLL but the total amount of the Commission owed by the Vendor outlined in the table above shall remain as outlined herein.

3. In the event of a Sale not being completed and the deposit being forfeited by the Purchaser, the Vendor agrees to pay to JLL forthwith one-half of the deposit, up to a sum equivalent to a full Commission.
4. If the Vendor fails, for any reason whatsoever, to complete a Sale upon JLL procuring a purchaser ready, willing and able to complete the Sale unconditionally, or upon all conditions having being satisfied or waived for the said sum of **five million nine hundred and fifty**

thousand (\$5,950,000.00) DOLLARS, or at such other price and upon such other terms as may be agreed upon, the Vendor shall pay JLL the Commission, such Commission becoming due and payable to JLL upon the Vendor's failure to complete the sale, including the delivery of all documents, reports, leases and agreements contemplated by the Sale transaction.

5. This is an Exclusive Listing and should a Sale be made by whomsoever during the currency hereof, or as a result of negotiations or inquiries originating during such currency, the Commission shall be payable to JLL.
6. For the purposes of showing the Property, the Vendor agrees to give JLL quick and convenient access at reasonable times.
7. JLL, at its cost, shall be allowed to erect "For Sale" and "Sold By" signs on the Property. In addition, JLL shall be permitted to announce the completion of the transaction following the Sale of the Property by way of printed matter, facsimile communication or electronic mail.
8. The Vendor agrees to forward, and shall direct its property manager to forward, to JLL all inquiries and any offers or letters of intent received by it directly with regard to the Sale of the Property.
9. This Exclusive Listing shall remain in full force and effect for **ONE HUNDRED EIGHTY DAYS (180 days)** (the "Listing Period") from the date hereof. Notwithstanding anything contained herein to the contrary, if an offer to purchase or sell (the "Offer") has been accepted by the Vendor and purchaser, and the Offer is subject to any conditions, and if the date for removal of the condition or conditions (the "Condition Removal Date") extends beyond the Listing Period, then the Vendor shall continue to be obligated to pay JLL the Commission pursuant to this Exclusive Listing Agreement upon the successful removal of all conditions contained within such Offer, regardless of the expiry of the Listing Period as outlined herein.
10. Upon the expiration of the Listing Period outlined herein, this Agreement shall continue on a month-to-month basis. This month-to-month extension, if applicable, shall be subject to **THIRTY (30)** days written notice of termination by either party.
11. It is understood that JLL shall have a period of **THIRTY (30)** days from the date of completion of listing particulars to market the Property exclusively. Thereafter, JLL agrees to accept negotiations and cooperate with other brokers on a Commission sharing basis. Commission paid to the co-operating broker shall be in the sole discretion of JLL.
12. Upon termination of this Agreement, JLL may, by delivery in writing to the Vendor within **FIVE (5)** business days of termination, register a list of those prospective Purchasers that are under active negotiation at the time of termination. Should an acceptable offer to purchase from any of the registered prospective Purchasers be delivered then JLL shall be paid a commission in accordance with this Agreement.
13. The Vendor agrees that all of the information, rent rolls, lease terms and other documentation provided to JLL are true and correct and, to the best of the knowledge of the Vendor, no environmental issues or hazardous substances have been stored or remain on the Property and JLL shall be indemnified and saved harmless from any claims, actions, proceedings, liability, costs, including solicitor and its own client costs, which result from or

relate to the actions, negligence or misconduct of the Vendor or the Vendor withholding any information.

14. JLL recommends that the Vendor obtain independent legal, tax or other professional advice relating to this Agreement and the Sale of the Property, as well as the condition and/or legality of the Property, including, but not limited to, the Property's improvements, equipment, soil, tenancies, title, environmental aspects and compliance. JLL will have no obligation to investigate any such matters unless expressly otherwise agreed to in writing by the Vendor and JLL. JLL is not responsible or liable in any matter whatsoever related to any legal documentation or income tax consequences related to or resulting from the sale of the Property. The Vendor further agrees that, in determining the financial soundness of any prospective purchaser, the Vendor will rely solely upon the Vendor's own investigation and evaluation, notwithstanding the assistance of JLL in gathering any financial information.
15. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta. If any provision is invalid or unenforceable in any jurisdiction where this Agreement is to be performed, such provision shall be deemed deleted and the remaining portions of this Agreement shall remain valid and binding.
16. For the purposes of this Exclusive Listing Agreement, the following terms shall have the following meanings:

"Gross Sale Price" means the full, true aggregate consideration, exclusive of GST, without duplication, received or receivable by the Vendor, or paid or payable to or at the direction of the Vendor, in consideration of the Sale of the Property, denominated in Canadian dollars.

"Sale" means any sale, exchange or trade of the Property or any interest therein, directly or indirectly, by the Vendor and includes, without limitation, any trade of Property or any issue or transfer of shares or other securities which results in any direct or indirect change of legal or beneficial ownership of any of the shares of the Vendor, whether by sale, exchange or trade of such shares or by way of merger, amalgamation, or reorganization of the Vendor.

Any notice, document or communication required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand to the party to which it is to be given as follows:

If to JLL:

Jones Lang LaSalle Real Estate Services, Inc.
Suite 500, 301 – 8th Avenue SW
Calgary, Alberta T2P 1C5
Attention: **Marshall Toner**

If to the Vendor: MTK PROPERTIES LTD.

Attention: **Robert Pound**
robertpound@mcarthurfurniture.com

Notices may also be given by email. Either party may change its address by written notice to the other party.

17. This Agreement constitutes the entire agreement between the Vendor and JLL and supersedes all prior discussions. No modification of this Agreement will be effective unless made in writing and signed by both the Vendor and JLL. This Agreement shall be binding upon and ensure to the benefit of the successors and assigns of the parties hereto.

DATED at Calgary, Alberta this 8 day of August, 2017.

MTK PROPERTIES LTD.

Per: _____

I have the authority to bind the Company

ACCEPTED at Calgary, Alberta this 11 day of Aug 2017.

JONES LANG LASALLE REAL ESTATE SERVICES, INC.

Per: _____

I have the authority to bind the Company

SCHEDULE "A"
Legal Description of Property

S
LINC SHORT LEGAL TITLE NUMBER
0033 068 446 0810892;5;1 081 380 103

LEGAL DESCRIPTION
PLAN 0810892
BLOCK 5
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.812 HECTARES (2.01 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;27;13;SE

MUNICIPALITY: CITY OF AIRDRIE

REFERENCE NUMBER: 081 069 208 +18

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
081 380 103	08/10/2008	TRANSFER OF LAND	\$1,306,750	\$1,306,750

OWNERS
MTK PROPERTIES LTD.
OF 67 GLENBROOK PLACE SW
CALGARY
ALBERTA T3E 6W4

This is Exhibit "E"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor



For Sale or Lease

141 Gateway Drive NE, Airdrie

Property Highlights

- Unique high quality manufactured building on 2.01 acres with large marshalling area
- Eight (8) spacious showrooms and truck wash on site
- Located in Gateway commercial centre in Airdrie
- Direct exposure to DE II highway with over 20,000 daily vehicle count
- Adjacent retail premises in the Gateway area
- Immediate truck repair available
- Now \$1,700,000 (\$135 per sq. ft.)
- Lower replacement cost

Marshall Toner

VP, Industrial Division
 (403) 436-2214
marshall.toner@jll.com

Ryan Haney

VP, Commercial Division
 (403) 436-2214
ryan.haney@jll.com

Chris Saunders

VP, Commercial Division
 (403) 436-2214
chris.saunders@jll.com

Carey Koroluk

VP, Commercial Division
 (403) 436-2214
carey.koroluk@jll.com

Austin Smith

VP, Commercial Division
 (403) 436-2214
austin.smith@jll.com

Bryon Leece

VP, Commercial Division
 (403) 436-2214
bryon.leece@jll.com



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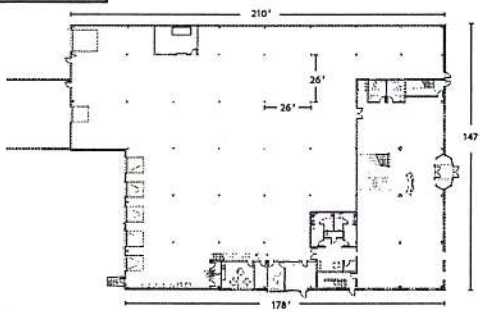


Advantage

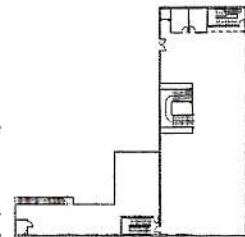
Airdrie's Tax Advantage:

Airdrie does not charge a municipal business tax for industrial properties, making Airdrie a much more competitive opportunity than Calgary.

FIRST FLOOR PLAN



SECOND FLOOR PLAN



Property Details



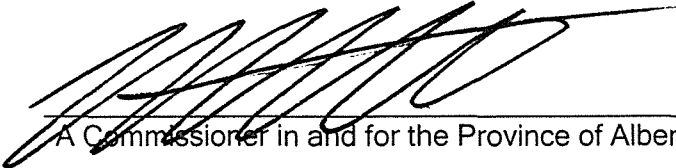
Address:	141 Gateway Drive N.E. Airdrie
Legal Description:	Plan 0010092, Block 5, Lot 1
Site Size:	2.01 acres
Building Size:	
Warehouse:	23,100 s.f.
Main floor Showroom:	5,285 s.f.
Mezzanine Showroom:	5,982 s.f.
Mezzanine Storage:	1,615 s.f.
Total:	35,982 s.f.

Loading:	6 (8' x 10') dock level docks 1 (12' x 14') drive-in
----------	---

Ceiling Height:	33' clear
Lighting:	Motion sensor T-5's and solar lighting
Power:	500 amps @ 120/208 volt
Zoning:	DC with IB-1 Guidelines
Year built:	2009
Sprinkered:	ESFR (TBV)
Heating:	Radiant

Ceiling Tower Income:	\$3,000/month
2017 Taxes:	\$85,563.66
Lease Rate:	\$12.50 \$10.00 per s.f.
Operating Costs 2018:	\$2.75 (self-managed)
Sale Price:	\$5,950,000 \$4,950,000
Available:	60 days notice

This is Exhibit "F"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

OCTOBER 29, 2019

COUNTER TO SELLER COUNTER

3846525
Contract Number

COMMERCIAL PURCHASE CONTRACT

Between
and

THE SELLER **THE BUYER**

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

1. THE PROPERTY

1.1 The Property is:

- (a) the land located
at: Municipal Address: 67 Glenbrook PI SW
Calgary Ab T3E 6W4
- Legal description: Plan 8110923 Block/Unit K Lot 2
- Excepting thereout all mines and minerals unless otherwise stated _____
- (the "Lands")
- (b) all buildings and other improvements on the Lands (the "Buildings");
- (c) these unattached goods:
- (d) the attached goods except for:
- (e) the following tenancies where the seller is the landlord and the buyer is assuming these leases ("Accepted Tenancies"), or as described in the schedules selected as attached in clause 9.1

If the Property is a condominium, the legal description and details are as described in the Commercial Condominium Property Schedule, selected as attached in clause 9.1 below.

2. PURCHASE PRICE AND COMPLETION DAY


- 2.1 The purchase price is: \$ 5,500,000.00 plus GST (the "Purchase Price").
- 2.2 With respect to GST payable if the buyer is:
 - (a) not a GST registrant under the Excise Tax Act (Canada), then the buyer shall remit the applicable GST to the seller's lawyer on or before the Completion Day. The seller shall remit the GST to the Receiver General as required by law, and will indemnify and save the buyer harmless from and against all costs and expenses (including legal fees on a solicitor/client full indemnity basis) that the buyer may incur or become subject to as a result of the seller's failure to remit GST pursuant to this clause; or

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Seller's Initial

Buyer's Initial

(b) a GST registrant under the *Excise Tax Act* (Canada), then the buyer will provide the seller with proof and details of the buyer's GST registration before the Completion Day. The buyer will assume the liability for all GST payable pursuant to the *Excise Tax Act* (Canada) accruing in respect of this transaction and will indemnify and save the seller harmless from and against all costs and expenses (including legal fees on a solicitor/agent full indemnity basis) that the seller may incur or become subject to as a result of the buyer failing to comply with its obligations pursuant to this clause.

2.3 This contract will be completed, the Purchase Price fully paid, and vacant possession given to the buyer at 12 noon on ~~January 22~~ December 31, 2020 (the "Completion Day"), subject to the rights of the tenants in the Accepted Tenancies, if any. 2019 

2.4 After the date that acceptance of this contract is communicated, the seller shall not make any changes to any of the leases pertaining to the Accepted Tenancies without the buyer's consent in writing.

2.5 The seller represents and warrants that on the Completion Day, the Property will be in substantially the same condition as when this contract was accepted, and the attached and unattached goods will be in normal working order.

3. GENERAL TERMS

3.1 In fulfilling this contract, the seller and buyer agree to act reasonably and in good faith and agree that:

- (a) unless the seller, buyer or both have agreed to alternate representation, the seller and buyer are each represented by their own sole agent and these agents have no agency responsibility to the other party;
- (b) the laws of Alberta apply to this contract;
- (c) Alberta time applies to this contract. Time is of the essence, which means times and dates will be strictly followed and enforced;
- (d) Business Day means every day but Saturday, Sunday and statutory holidays and includes all the hours of the day;
- (e) a reference to the seller or buyer includes singular, plural, masculine, feminine or an entity like a corporation;
- (f) the seller will disclose known Material Latent Defects. Material Latent Defects means a defect in the Property that is not discoverable through a reasonable inspection and that will affect the use or value of the Property;
- (g) the seller and buyer are each responsible for completing their own due diligence and will assume all risks if they do not;
- (h) the seller will ensure the seller's representations and warranties are true by:
 - (i) reviewing documents such as a Real Property Report (RPR), land title, registrations on title, leases and contracts;
 - (ii) determining non-resident status for income tax purposes;
 - (iii) conducting due diligence searches, such as litigation and personal property security registry searches; and
 - (iv) doing other needed research;
- (i) the buyer may get independent inspections or advice on items such as condominium documents, land title, registrations on title, RPR, current and future use, building and mechanical systems, property insurance, title insurance, size of the Lands and Buildings, interior and exterior measurements, leases, estoppel certificates pertaining to Accepted Tenancies, registrations affecting the unattached goods and attached goods, and other items important to the buyer;
- (j) sections 12 and 13 of the *Condominium Property Act* (Alberta) relating to sale of units by developers and rescission of purchase agreements do not apply;
- (k) contract changes that are agreed to in writing will supersede the pre-printed clauses;
- (l) the seller and buyer will read this contract and seek relevant advice before signing it;

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- (m) the brokerages, real estate board and listing services may keep and disclose relevant information about this transaction for reporting, statistical, property evaluation and closing purposes; and
- (n) the Remax Landon Real Estate (seller's/buyer's) brokerage will provide this contract and related documents to the appointed lawyers for the purpose of closing this contract.

4. DEPOSITS

- 4.1 The seller and buyer agree that clauses 4.2 through 4.9 are the terms of trust for the Deposits. "Deposits" means the amounts payable under clauses 4.3 and 4.4, and "Deposit" means either of them.
- 4.2 The seller and buyer appoint Remax Landon In Trust as trustee (the "Trustee") for the Deposits.
- 4.3 The buyer will pay a deposit of \$ 100,000.00, which will form part of the Purchase Price, to the Trustee by Bank Draft (method of payment) on or before November 5, 2019.
- 4.4 The buyer will pay an additional deposit of \$ 50,000, which will form part of the Purchase Price, to the Trustee by Bank Draft (method of payment), on or before December 11, 2019.
- 4.5 If the buyer fails to pay a Deposit as required by this contract, the seller may void this contract at the seller's option by giving the buyer written notice. The seller's option expires whenever the seller accepts a deposit, even if late.
- 4.6 The Trustee will deposit the Deposits into a trust account within three Business Days of receipt.
- 4.7 Interest on the Deposits will not be paid to the seller or buyer.
- 4.8 The Deposits will be held in trust for both the seller and buyer. Provided funds are confirmed, the Deposits will be disbursed, without prior notice, as follows:

- (a) to the buyer, if after this contract is accepted:
 - (i) a condition is not satisfied or waived in accordance with clause 6.4;
 - (ii) the seller voids this contract for the buyer's failure to pay an additional deposit in the case where an initial deposit has been paid by the buyer; or
 - (iii) the seller fails to perform this contract;
- (b) to the seller, if this contract is accepted and all conditions are satisfied or waived, and the buyer fails to perform this contract; or
- (c) applied against the Fee owed by the seller by payment directly out of trust to the brokerage(s), with any excess amount paid in trust to the seller's lawyer no later than three Business Days prior to the Completion Day. "Fee" means the amount, plus GST, owed to a real estate brokerage under a written service agreement.
- (d) if the seller or buyer fails or refuses to complete this contract, the other party may seek all remedies, such as claims for deposits and damages, and reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

4.9 The disbursement of Deposits, as agreed to in this clause, will not prevent the seller or buyer from pursuing remedies in clause 12.

5. LAND TITLE

5.1 Title to the Property will be free of all encumbrances, liens and interests except for:

- (a) those implied by law;
- (b) non-financial obligations now on title, such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature; and
- (c) the following encumbrances that the buyer agrees to accept:

Restrictive Covenant 811 143 982 ad order No. 861 66 009 as Permitted Encumbrance.

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6. REPRESENTATIONS AND WARRANTIES

6.1 The seller represents and warrants to the buyer that:

- (a) the seller has the legal right to sell the Property;
- (b) the seller is not now nor, will it be on the Completion Day a non-resident for the purposes of the *Income Tax Act* (Canada), nor an agent or a trustee for any person with an interest in the Property who is a non-resident of Canada;
- (c) no one else has a legal right to the included attached and unattached goods;
- (d) the current use of the Lands and Buildings complies with the existing municipal land use bylaw and any restrictive covenant on title;
- (e) the location of the Buildings and land improvements:
 - (i) are on the Lands and not on any easement, right-of-way or neighbouring lands unless there is a registered agreement on title or, in the case of an encroachment into municipal lands or a municipal easement or right-of-way, the municipality has approved the encroachment in writing;
 - (ii) complies with any restrictive covenant on title and municipal bylaws, regulations and relaxations, or the Buildings and improvements are "non-conforming buildings" as defined in the *Municipal Government Act* (Alberta);
- (f) known Material Latent Defects, if any, have been disclosed in writing in this contract;
- (g) any government and local authority notices regarding the Property lack of permits for any development on the Property, or notices regarding any environmental conditions or problems known to the seller have been disclosed in writing in this contract;
- (h) there is no legal action outstanding with respect to the Property;
- (i) the Property is in compliance with all applicable environmental laws;
- (j) the seller is not in breach of any contract with respect to the Property which gives rise to an interest in land, including but not limited to, any leases related to Accepted Tenancies;
- (k) any leases pertaining to the Accepted Tenancies are valid and in good standing; and
- (l) the seller is not in breach of any obligation to any third party with respect to the Property which gives rise to an interest in land.

6.2 The representations and warranties in this contract including any attached Schedules:

- (a) are made as of, and will be true at, the Completion Day; and
- (b) will survive completion and may be enforced after the Completion Day as long as any legal action is commenced within the time limits set by the *Limitations Act* (Alberta).

7. DISCLOSURE

7.1 Within 10 Business Days after the date that acceptance of this contract is communicated, the seller will provide to the buyer true copies of all agreements, documents, reports and other materials respecting the Property that are in the possession or control of the seller (the "Disclosure Documents"), including but not limited to: copies of Permitted Encumbrances; copies of leases with respect to Accepted Tenancies; financial records and statements respecting the Property; any operating agreements that the buyer is to assume; all engineering, mechanical, electrical, plumbing, roof, heating, ventilation, construction or similar reports, assessments, plans, drawing, specifications, relevant correspondence or work orders; environmental reports; and: all information pertaining to change of use. If the Property is a condominium, the Disclosure Documents shall include condominium documents as detailed in the Condominium Documents Schedule, selected as attached in clause 9.1.

THAT IS IN SELLER'S POSSESSION (circled)

7.2 The buyer will keep all information obtained from the seller in strict confidence and will only make such information available to those of buyer's employees, agents and professional advisors on a need to know basis. Should this transaction not be completed, the buyer will return the Disclosure Documents including all copies to the seller immediately.

 Seller's Initials  Buyer's Initials

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- 7.3 The buyer may enter upon the Property for the purpose of conducting its investigations about the state of the Property, subject to the following:
- (a) the rights of any tenants;
 - (b) the buyer shall not carry out any destructive or physically invasive testing, except with the prior written consent of the seller and shall repair all damage resulting from its investigations;
 - (c) the buyer shall obtain the seller's prior consent as to the timing and length of any inspections;
 - (d) in conducting its investigations, the buyer shall use commercially reasonable efforts to minimize disruption of the current use of the Property; and
 - (e) the buyer shall indemnify and save the seller harmless from all claims, damages, losses or liabilities of any kind (including legal fees on a solicitor/client full indemnity basis) resulting from the buyer's investigations upon the Property.

7.4 The seller will provide the buyer with such written authorizations and other assistance when reasonably required by the buyer to facilitate the buyer's inspections, reviews and tests, to satisfy its conditions.

8. CONDITIONS

8.1 The seller and buyer will:

- (a) act reasonably and in good faith in trying to satisfy their own conditions, including making reasonable efforts to fulfil them.
- (b) pay for any costs related to their own conditions, except for the providing of documents in the Condominium Documents Condition (if applicable); and
- (c) will obtain professional advice with respect to GST applicable to the transaction.

8.2 Buyer's Conditions

The buyer's conditions are for the benefit of the buyer and are:

(a) **Financing**

This contract is subject to the buyer securing new financing from a lender of the buyer's choice and with terms satisfactory to the buyer, before 6:00 p.m. on December 20 10, 2019. The seller will cooperate by providing access to the Property on reasonable terms.

(b) **Due Diligence**

This contract is subject to the buyer's satisfaction with the results of its review of the Disclosure Documents and its inspections of the Property, before 6:00 p.m. on December 20 10, 2019. The seller will cooperate by providing access to the Property on reasonable terms.

(c) **Additional Buyer's Conditions:**

See Addendum

before _____:_____.m. on _____, 20____

8.3 Seller's Conditions

The seller's conditions are for the benefit of the seller and are:

It is a condition of this Commercial Purchase Contract that the Seller shall have his legal counsel review this entire contract for the benefit of the Seller before 5:00 p.m. on November 5, 2019.

6

COMMERCIAL PURCHASE CONTRACT
ADDENDUM

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd

Name Reddy Innovative Health Care Inc.

Name

Name

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab

T3E 6W4

Tk. of (Block/lot)	Range	Township	Section	Part	Area

Legal Address: Plan 8110923

Block K

Lot 2

Condo. Plan

Legal Unit No.

Legal Parking Unit

Other

This offer is subject to the Buyer determining, at its own expense, that:

- (a) all environmental laws and regulations have been complied with;
- (b) no hazardous conditions or substances exist on the Property;
- (c) no limitations or restrictions affecting the continued use of the Property exist, other than those specifically provided for herein;
- (d) no pending litigation respecting environmental matters or government investigations, charges or prosecutions regarding environmental matters exist;
- (e) there has been no prior use as a waste disposal site; and
- (f) all applicable licences are in force.

Before 5 p.m. on December 20, 2019

10

The Buyer, or its authorized agents, shall have the right, after execution of this Contract by the parties, to enter the Property at its own cost and expense, in order to inspect it, make soil tests, complete surveying, check elevations, contours, grades and perform other such work in relation to the preparation of a real property report for the Buyer's use.

Note: This form must be signed by all parties to the Commercial Purchase Contract.

DATED at 11:59 a.m. on October 29 2019

Seller

Witness

Seller

Witness

Buyer

Witness

Buyer

Witness

COMMERCIAL PURCHASE CONTRACT ADDENDUM

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab T3E 6W4

W. of (Section)	Range	Township	Section	Part	Area

Legal Address: Plan 8110923 Block K Lot 2

Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____

Other _____

Upon acceptance of this offer, and after obtaining permission from the Seller, the Buyer shall be allowed to enter the Property from time to time for the purpose of obtaining information. The Seller warrants that all the mechanical, electrical, heating, ventilation, air conditioning systems, air compressors, freight elevators, conveyor systems, boilers, and all other equipment on the Property shall be in good working order on Completion Day.

8.1 (b) Due Diligence Condition

(i) Within ten (10) Business Days of the Final Signing of this Contract, as per clause 17.1, the Seller will provide to the Buyer true copies of all agreements/documents/materials that reasonably relate to the property and to the Buyer's Conditions and which are in the possession of the Seller or under its control (the "Documents"). The Documents will include: any Permitted Encumbrances; Accepted Tenancies; financial records and statements respecting the Property and any operating agreements that the Buyer is to assume; all engineering, mechanical, electrical, plumbing, roof, heating, ventilation, construction or similar reports, assessments, plans, drawing, specifications, relevant correspondence or work orders; environmental reports; and (ii) ~~The Buyer may also, at its expense, retain~~ ✗

Notes: This form must be signed by all parties to the Commercial Purchase Contract. THIS SENTENCE IS CONTINUED ON PAGE 8

DATED at 11:59 a.m. on October 26 ²⁰¹⁹ ~~29~~

Seller _____

Witness REMAINS ✗

Seller _____

Witness _____

Buyer [Signature]

Witness [Signature]

Buyer _____

Witness _____

Pamela Wicks

COMMERCIAL PURCHASE CONTRACT ADDENDUM

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab T3E 6W4

W. of (Meridian)	Range	Township	Section	Foot	Area

Legal Address: Plan 8110923 Block K Lot 2

Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____


Other _____

consultants to conduct searches and such inspections, reviews and tests and to produce such observations, reports or assessments regarding the Property as it deems necessary, and for these purposes the Buyer and its authorized representatives, acting reasonably, will have access to the Property after Final Signing and during normal business hours. The rights of the existing tenants must be respected and the Buyer will be responsible for all damages caused by its representatives. The Seller will provide the Buyer with such written authorizations and other assistance when reasonably required by the Buyer to facilitate its inspections, reviews or tests. It is a condition precedent of this offer that the information be satisfactory to the Buyer. Before 5 p.m. on ~~December 20, 2019~~ December 10, 2019 *DP* The Buyer shall keep all information obtained in strict confidence and shall only make the information available to the Buyer's employees, agents and professional advisors in strict confidence and shall return all of the above materials including all copies to the Seller before any Deposits are released to the Buyer pursuant to this Contract.

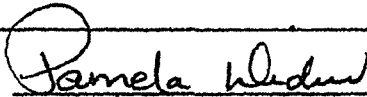
It is a condition of this Contract of Purchase that the Buyer shall have his legal counsel review this entire contract for the benefit of the Buyer by 5:00 PM December 20, 2019 November 5, 2019 *DP*

Note: This form must be signed by all parties to the Commercial Purchase Contract.

DATED at 11:59 a.m. on October 28 29, 2019



Seller



Witness

Seller

Witness



Buyer



Witness

Buyer

Witness

9



COMMERCIAL PURCHASE CONTRACT ADDENDUM

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd

Name Reddy Innovative Health Care Inc.

Name _____

Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab

T3E 6W4

W. of (Blockline)	Range	Township	Section	Part	Area

Legal Address: Plan 8110923

Block K

Lot 2

Condo. Plan _____

Legal Unit No. _____

Legal Parking Unit _____

Other _____

It is a condition of this Contract of Purchase that Remax Landan shall receive a fee of 1.5% of the selling price of the subject property upon completion and may retain that portion from funds held in their trust account and retained for their distribution.

It is a Condition, for the benefit of the Buyer, that the Seller shall arrange and accept terms and conditions of a new lease with the Buyer prior to December 30, 2019 for 871.5 square meters of Main Floor space in the subject building, at a rate of \$23.00 per square foot Triple Net for a term of 5 years from the date of Completion of this Contract of Purchase plus the new landlord shall provide an option to renew the lease to the Seller for an additional 5 year term at a market rate to be agreed to within 6 months of expiry of the existing 5 year term. It is understood, the operating name of the tenant may be McArthur Fine Furniture. Matters pertaining to the Buyer conditions related to demising walls, electrical and HVAC shall be addressed in the lease agreement. The location of the tenant space shall be the same as that described in the City of Calgary approved change of use drawings exclusively.

Let the Buyer's sole cost and expense as follows defined in the

*DP
to be located
at the north east
of the north east
of the north east
of the north east
APPROVED
PLANS
DP*

Note: This form must be signed by all parties to the Commercial Purchase Contract. Lease agreement.

DATED at 11:59 a.m. on October 28 29 2019

Seller [Signature]

Witness Pamela Wladimir

Seller _____

Witness _____

Buyer [Signature]

Witness [Signature]

Buyer _____

Witness _____

**COMMERCIAL PURCHASE CONTRACT
ADDENDUM**

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.
 Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook PI SW
Calgary Ab T3B 6W4

W. of (Meridian)	Range	Township	Section	Part	Area

Legal Address: Plan 8110923 Block K Lot 2
 Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____
 Other _____

[Handwritten initials and scribbles]

In the event the buyer, through their best efforts, is unable to receive and review all documents, engineers reports, city information, and any other information pertaining to the subject property by the condition removal date of December 20, 2019 the Seller agrees to extend the condition removal date for a minimum of 30 days from December 20, 2019. The Buyer agrees that if there is an extension of condition removal date the completion of this Commercial Purchase Contract shall be 20 (twenty) days from such new condition removal date. The buyer will exercise best efforts to remove all conditions precedent in a timely manner.

Note: This form must be signed by all parties to the Commercial Purchase Contract.

DATED at 11:59 a.m. on October 26th 29th 2019

[Signature]
 Seller

Pamela Wlodek
 Witness

Seller

Witness

Buyer [Signature]

Witness [Signature]

Buyer

Witness

8.4 Each party will give the other written notice that:

- (a) a condition is unilaterally waived or satisfied on or before the date upon which it expires. If not, this contract will end after the time indicated for that condition; or
- (b) a condition will not be waived or satisfied prior to the date upon which it expires. This contract will end upon that notice being given.

9. ATTACHMENTS AND ADDITIONAL TERMS

9.1 The selected documents are attached to and form part of this contract:

- Certificate of Title for the Lands;
- Commercial Condominium Property Schedule
- Condominium Documents Schedule
- Financing Schedule (Seller Financing, Mortgage Assumption, Other Value);
- Addendum;
- Accepted Tenancies
- Other City of Calgary Development Permits Status

9.2 If the Property is a condominium, to the best of the seller's knowledge and to be verified by the buyer, the total current monthly condominium contribution for the Property is \$ _____

9.3 The parties agree that the following additional terms shall form a binding part of this contract:

10. CLOSING PROCESS

Closing Documents

10.1 As applicable, the closing documents will be:

- (a) transfer of land (the "Transfer") in registrable form;
- (b) statement of adjustments;
- (c) bill of sale for any unattached goods;
- (d) stoppage certificates for each of the Accepted Tenancies along with assignment of leases;
- (e) GST indemnity certificate;
- (f) RPR (if not yet provided); and
- (g) such other closing documents reasonably requested by the seller's lawyer or the buyer's lawyer

(the "Closing Documents"). The Closing Documents will include an RPR(s) showing the current improvements on the Property according to the Alberta Land Surveyors' Association Manual of Standard Practice, with evidence of municipal compliance or non-conformance and confirming the sellers' warranties about the Lands and Buildings. This obligation will not apply if there are no structures on the Lands. The buyer or buyer's lawyer must have a reasonable amount of time to review the RPR(s) prior to submitting the transfer documents to the Land Titles Office.

Closing Procedure

10.2 The seller or the seller's lawyer will deliver the Closing Documents to the buyer or buyer's lawyer upon reasonable trust conditions for a commercial property transaction, including delivery within a reasonable time before the Completion Day to allow for confirmation of registration of documents at the Land Titles Office, obtain the advance of mortgage proceeds, and verify of the transfer of other value items.

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person. Others who use this document do so at their own risk.

10.3 If a new mortgage is a condition of this contract, the seller agrees to trust conditions that allow the buyer's lawyer to register the Transfer so as to obtain the advance of mortgage funds on the new mortgage, provided however that the buyer's lawyer undertakes, accepts, and complies with reasonable trust conditions imposed by the seller's lawyer until the seller has been paid the total Purchase Price.

Payments and Costs

10.4 The Purchase Price (other than Deposits) shall be paid by certified cheque, bank draft or seller's trust cheque.

10.5 All normal adjustments for the Property including but not limited to taxes, local improvement levies and assessments, municipal charges, rents, utilities, monthly condominium contributions, tenant deposits including interest, prepaid rent, and mortgage principal and interest that are applicable with respect to the Property will be the seller's responsibility for the entire Completion Day and hereafter assumed by the buyer.

10.6 The seller's lawyer may use the Purchase Price to pay and discharge all of the seller's financial obligations related to the Property. The seller's lawyer will provide the buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and, if the Property is a condominium, an estoppel certificate evidencing the payment of all condominium contributions that are the seller's obligation to pay, within a reasonable time after the Completion Day.

10.7 If the seller has entered into a written service agreement with a real estate brokerage, the seller instructs the seller's lawyer to honour the terms of that agreement, including the Fee and other costs payable to the seller's brokerage.

10.8 The seller will have the right to register a seller's caveat against the title to the Property and the buyer shall have the right to register a buyer's caveat against the title to the Property, upon the date that acceptance of this contract is communicated.

10.9 The seller will pay the costs to prepare the Closing Documents, costs to end any existing tenancies that are not Accepted Tenancies and provide vacant possession to the buyer and costs to prepare, register and discharge any seller's caveat based on this contract.

10.10 The buyer will pay the costs to prepare, register and discharge any buyer's caveat based on this contract and to register the Transfer and mortgage, if applicable.

Completion Day Delays

10.11 If the seller fails to deliver the Closing Documents in accordance with clause 10.2, then:

- (a) the buyer's payment of the Purchase Price and late interest will be delayed until the buyer or buyer's lawyer has received the Closing Documents and has a reasonable time to review and register them, obtain the advance of mortgage financing, and verify the transfer of other value items, as applicable; and
- (b) if the buyer is willing and able to close in accordance with this contract and wants to take possession of the Property, then the seller will give the buyer possession upon reasonable terms which will include the payment of late interest only on the amount of mortgage being obtained by the buyer at the interest rate of that mortgage.

10.12 If the seller has complied with clauses 10.1 and 10.2, but the buyer is not able to close in accordance with this contract, then:

- (a) the seller may, but is not obligated to, accept late payment of the Purchase Price and give the buyer possession upon reasonable terms; and
- (b) if the seller agrees to accept late payment of the Purchase Price and, whether or not possession is granted, the buyer will pay late interest at the prime lending rate of the ATB Financial at the Completion Day plus 3% calculated daily from and including the Completion Day to (but excluding) the day the seller is paid in full. Payment received after 12 noon on any day will be payment as of the next Business Day.

11. INSURANCE

11.1 The seller bears the risk of loss or damage to the Property until the Purchase Price is paid. If such loss or damage occurs before the Purchase Price is paid, any insurance proceeds will be held in trust for the seller and buyer based on their interests.

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person. Others who use this document do so at their own risk.



15. CONFIRMATION OF CONTRACT TERMS

15.1 The seller and buyer confirm that this contract sets out all the rights and obligations they intend for the purchase and sale of the Property and that:

- (a) this contract is the entire agreement between them; and
- (b) unless expressly made part of this contract, in writing:
 - (i) verbal or written collateral or side agreements or representations or warranties made by either the seller or buyer, or the seller's or buyer's brokerage or agent, have not and will not be relied on and are not part of this contract; and
 - (ii) any pre-contractual representations or warranties, howsoever made, that induced either the seller or buyer into making this contract are of no legal force or effect.

Seller's Initials _____ Buyer's Initials AR

16. LEGAL OBLIGATIONS BEGIN

16.1 The legal obligations in this contract begin when the accepted contract is delivered in person or sent by fax or email. The obligations bind the seller and the buyer as well as their heirs, administrators, executors, successors and assigns.

17. OFFER

17.1 The buyer offers to buy the Property according to the terms of this contract. AR

17.2 This ~~offer~~ counter offer shall be open for acceptance in writing until 10:00 AM November 1 ~~4:00 PM on October 30~~, 2019.

SIGNED AND DATED at calgary, Alberta at 11:59 a.m. on October 25-29, 2019.

[Signature]
 Signature of Buyer or Authorized Signatory of Buyer
Sureshini Reddy
 Print Name of Buyer or Authorized Signatory of Buyer

[Signature]
 Signature of Witness
GEORGE WILSON
 Print Name of Witness

Signature of Buyer or Authorized Signatory of Buyer

Signature of Witness

Print Name of Buyer or Authorized Signatory of Buyer

Print Name of Witness

Buyer's GST # 829825702RT0001

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person. Others who use this document do so at their own risk.

15



18. ACCEPTANCE

18.1 The seller agrees to sell the Property according to the terms of this contract.

SIGNED AND DATED at Calgary, Alberta at 12:00 p.m. on November 1, 2019.

[Signature]
Signature of Seller or Authorized Signatory of Seller

Pamela Widdi
Signature of Witness

Print Name of Seller or Authorized Signatory of Seller

Print Name of Witness

Signature of Seller or Authorized Signatory of Seller

Signature of Witness

Print Name of Seller or Authorized Signatory of Seller

Print Name of Witness

Seller's GST # 103582326

INFORMATION

The following is for information purposes and has no effect on the contract's terms:

REJECTION

I/we do not accept this offer/counter offer. No counter offer is being made.

SIGNED AND DATED at _____, Alberta at _____ : _____ m. on _____, 20____.

Signature of Seller or Authorized Signatory of Seller

Signature of Buyer or Authorized Signatory of Buyer

Signature of Seller or Authorized Signatory of Seller

Signature of Buyer or Authorized Signatory of Buyer

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person. Others who use this document do so at their own risk.

This is Exhibit "G"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

Receipt of Funds Record

NOTE: A Receipt of Funds record is required by the Proceeds of Crime (Money Laundering) and Terrorist Financing Regulation for every amount of funds that a REALTOR® member receives in the course of a single purchase or sale real estate transaction.

A REALTOR® does NOT have to complete a Receipt of Funds Record if:

- (i) the funds are received from a financial entity, very large corporation or a public body that is buying or selling; or,
- (ii) a Large Cash Transaction Record must be completed; or,
- (iii) the deposit does not go into the trust account of a licensed practitioner. In other words, if the deposit goes directly into the account of a builder, lawyer or notary, or developer, a Receipt of Funds Record does not have to be completed by a member acting as the buyers' agent.

When this Record is completed, it is the responsibility of the broker to ensure that a record is kept for five years from the date it was created. When both the buyer and seller are represented, it is the agent of the buyer who is required to complete and retain a Receipt of Funds Record in respect of the deposit made, regardless of who retains the deposit.

A. BASIC TRANSACTION INFORMATION

Transaction Property Address: 67 Glenbrook Pl SW

Calgary Ab T3E 6W4

Sales Representative/Broker Name: George Wilson

RE/MAX LANDAN REAL ESTATE

Date: ~~October 22, 2019~~ NOVEMBER 05, 2019

B. INFORMATION ON FUNDS

Amount of Funds Received: \$100,000 Currency of Funds Received: Canadian

Date of receipt of funds: NOVEMBER 05, 2019

Type of funds received:

Cheque Certified Cheque Cash Bank Draft e-transfer

Other, explain:

Purpose of funds (e.g., deposit for purchase): DEPOSIT FOR PURCHASE 67 GLENBROOK PL

Other details concerning receipt of funds*: NONE

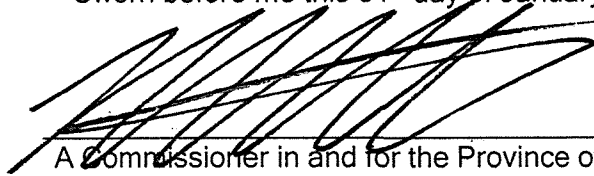
*Including whether other individuals or entities were involved in the transaction

C. INFORMATION ON INDIVIDUAL/ENTITY PROVIDING FUNDS

When a REALTOR® member completes a Receipt of Funds Record, they must also complete an Identification Information Record at the same time on the individual (or entity) from whom you receive the funds. Complete that record and attach it to this record.



This is Exhibit "H"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor



Royal Bank of Canada
Banque Royale du Canada
 335 8TH AVE SW-3RD FLR
 CALGARY, AB

63626375 8-516

DATE 20191206
 Y/A M/M DJ

PAY TO THE ORDER OF **REMAX LANDON IN TRUST**
 PAYEZ À L'ORDRE DE

\$50,000.00

EXACTLY \$50,000.00

AUTHORIZED SIGNATURE REQUIRED FOR AMOUNTS OVER \$5,000.00 CANADIAN / SIGNATURE AUTORISÉE REQUISE POUR UN MONTANT EXCÉDANT 5,000.00 \$ CANADIENS

CANADIAN DOLLARS CANADIENS

RE/OBJET **ADDITIONAL DEPOSIT FOR PURCHASE OF 67 GLENBROOK PLACE, CALGARY**

PURCHASER NAME

NOM DE L'ACHETEUR

AUTHORIZED SIGNATURE / SIGNATURE AUTORISÉE

PURCHASER ADDRESS

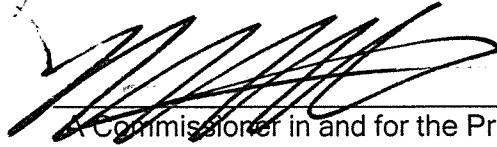
ADRESSE DE L'ACHETEUR

COUNTERSIGNED / CONTRESIGNÉ

FORM 16516 (6-2017)

⑈63626375⑈ ⑆08519⑈003⑆ 099⑈013⑈5⑈

This is Exhibit "I"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

COMMERCIAL PURCHASE CONTRACT
AMENDMENT

This Amendment is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd

Name Reddy Innovative Health Care Inc.

Name _____

Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab

T3E 6W4

W. of (Meridian)	Range	Township	Section	Part	Acres

Legal Address: Plan 8110923

Block K

Lot 2

Condo. Plan _____

Legal
Unit No. _____

Legal
Parking Unit _____

Other _____

The following changes shall be made to the above Purchase Contract and, except for such changes noted below, all other terms and conditions in the Purchase Contract shall remain as stated therein.

DELETE:

2.3 This contract will be completed, the purchase price fully paid and vacant possession given to the Buyer at 12 noon January 7, 2020, the Completion Day, subject to the rights of the tenants in the Accepted Tenancies, if any
8.2(a) This contract is subject to the buyer securing new financing from a lender of the Buyer's choice and with terms satisfactory to the Buyer before 6:00 PM December 10, 2019. The Seller will cooperate by providing access to the property on reasonable times.


INSERT:

2.3 This contract will be completed, the purchase price fully paid and vacant possession given to the Buyer at 12 noon February 25, 2020, the Completion Day, subject to the rights of the tenants in the Accepted Tenancies, if any
8.2(a) This contract is subject to the buyer securing new financing from a lender of the Buyer's Choice and with terms satisfactory to the Buyer, before 6:00 PM January 28, 2020. The Seller will cooperate by providing access to the property on reasonable times.

DATED at 2 p. m. on December 10, 2019.



Seller



Witness

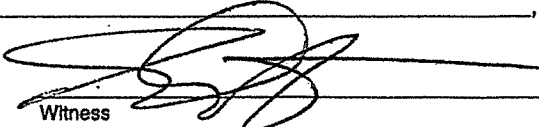
Seller

Witness

DATED at 11 a.m. on December 9, 2019.



Buyer



Witness

Buyer

Witness



COMMERCIAL PURCHASE CONTRACT AMENDMENT

This Amendment is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd

Name Reddy Innovative Health Care Inc.

Name _____

Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook PI SW

Calgary Ab T3E 6W4

W. of (Meridian)	Range	Township	Section	Part	Area

Legal Address: Plan 8110923 Block K Lot 2

Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____

Other _____

The following changes shall be made to the above Purchase Contract and, except for such changes noted below, all other terms and conditions in the Purchase Contract shall remain as stated therein.

DELETE:

8.2 (b) This contract is subject to the Buyer's satisfaction with the results of the review of the Disclosure Documents and it's inspection of the property before 6:00PM on December 10, 2019. The Seller will cooperate by providing access to the property at reasonable times..

INSERT:

8.2(b) This contract is subject to the Buyer's satisfaction with the results of the review of the Disclosure Documents and it's inspection of the Property before 6:00PM on January 28, 2020. The Seller will cooperate by providing access to the property at reasonable times.

DATED at 2 P.m. on December 10., 2019.

[Signature]
Seller

Pamela Didew
Witness

Seller _____
Witness _____

DATED at _____ m. on _____, 20_____.

[Signature]
Buyer

[Signature]
Witness

Buyer _____
Witness _____



COMMERCIAL PURCHASE CONTRACT AMENDMENT

This Amendment is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab T3E 6W4

W. of (Meridian)	Range	Township	Section	Part	Acres

Legal Address: Plan 8110923 Block K Lot 2

Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____

Other _____

The following changes shall be made to the above Purchase Contract and, except for such changes noted below, all other terms and conditions in the Purchase Contract shall remain as stated therein.

DELETE:

Addendum Page 1 This offer is subject to the Buyer determining, at its own expense, that: a) all environmental laws and regulations have been complied with; b) no hazardous conditions or substances exist on the property; c) no limitations or restrictions affecting the continued use of the property exist, other than those specifically provided for herein; d) no pending litigation respecting environmental matters or government investigations, charges or prosecutions regarding environmental matters exist;..Before 5:00 PM December 10, 2019

INSERT:

This offer is subject to the Buyer determining, at its own expense, that; a) all environmental laws and regulations have been complied with; b) no hazardous conditions or substances exist on the property; c) no limitations or restrictions affecting the continued se of the property exist, other than those specifically provided for herein; d) no pending litigations respecting environmental matters or government investigations, charges or prosecutions regarding environmental matters exist.....Before 6:00 PM January 28, 2020

DATED at 2 p.m. on December 10, 2019.

[Signature]
Seller

Pamela Hedin
Witness

Seller _____
Witness _____

DATED at 11 a.m. on December 9, 2019.

[Signature]
Buyer

[Signature]
Witness

Buyer _____
Witness _____

**COMMERCIAL PURCHASE CONTRACT
AMENDMENT**

This Amendment is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd

Name Reddy Innovative Health Care Inc.

Name _____

Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab

T3E 6W4

W. of (Meridian)	Range	Township	Section	Part	Acres

Legal Address: Plan 8110923

Block K

Lot 2

Condo. Plan _____

Legal

Legal

Unit No. _____

Parking Unit _____

Other _____

The following changes shall be made to the above Purchase Contract and, except for such changes noted below, all other terms and conditions in the Purchase Contract shall remain as stated therein.

DELETE:

8.1 (b) Due Diligence Condition

..... It is a Condition Precedent of this offer that the information be satisfactory to the Buyer before 5 PM on December 10, 2019

INSERT:

8.2 (b) Due Diligence Condition

..... It is a Condition Precedent of this offer that the information be satisfactory to the Buyer before 6:00PM on January 28, 2020

DATED at 2 p.m. on December 10, 2019.

[Signature]
Seller

Pamela Hladik
Witness

Seller _____
Witness _____

DATED at 11 a.m. on December 9, 2019.

[Signature]
Buyer

[Signature]
Witness

Buyer _____
Witness _____



COMMERCIAL PURCHASE CONTRACT AMENDMENT

This Amendment is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook PI SW

Calgary Ab T3E 6W4

W. of (Meridian)	Range	Township	Section	Part	Acres

Legal Address: Plan 8110923 Block K Lot 2

Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____

Other _____

The following changes shall be made to the above Purchase Contract and, except for such changes noted below, all other terms and conditions in the Purchase Contract shall remain as stated therein.

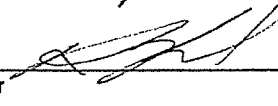
DELETE:

Addendum reference to lease by Seller consisting of the following beginning to the paragraph;
It is a Condition, for the benefit of the Buyer, that the Seller shall arrange and accept terms and conditions of a new lease with the Buyer prior to December 10, 2019 for 871.5 square meters.....(balance of this Condition shall remain as written and adjusted and accepted by the parties prior)

INSERT:

It is a Condition, for the benefit of the Buyer that the Seller shall arrange and accept terms and conditions of a new lease with the Buyer prior to January 28, 2020 for 871.5 square meters.....(balance of this Condition shall remain as written and adjusted and accepted by the parties prior)

DATED at 2 p.m. on December 10, 2019

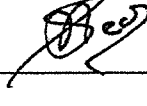
Seller 

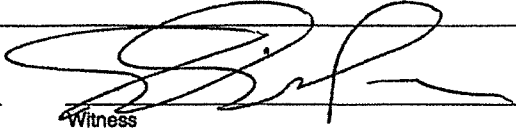
Witness Patricia Hedew

Seller _____

Witness _____

DATED at 11 a.m. on December 9, 2019

Buyer 

Witness 

Buyer _____

Witness _____

COMMERCIAL PURCHASE CONTRACT AMENDMENT

This Amendment is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd

Name Reddy Innovative Health Care Inc.

Name _____

Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab

T3E 6W4

W. of (Meridian)	Range	Township	Section	Part	Acres

Legal Address: Plan 8110923

Block K

Lot 2

Condo. Plan _____

Legal

Legal

Unit No. _____

Parking Unit _____

Other _____

The following changes shall be made to the above Purchase Contract and, except for such changes noted below, all other terms and conditions in the Purchase Contract shall remain as stated therein.

DELETE:

In the event the Buyer, through their best efforts, is unable to receive and review all documents, engineers reports, city information, and any other information pertaining to the subject property by the condition removal date of December 10, 2019 the Seller agrees to extend the condition removal date for a minimum of 30 days from December 10, 2019. The Buyer agrees that if there is an extension of condition removal date the completion of this Commercial Purchase Contract shall be 20 (Twenty) days from such new condition removal date.(Last sentence to remain)

INSERT:

In the event the Buyer, through their best efforts, is unable to receive and review all documents, engineers reports, city information and any other information pertaining to the subject property by the condition removal date of January 28, 2020 the Seller agrees to extend the condition removal date for a minimum of 30 days from January 28, 2020. The Buyer agrees that if there is an extension of condition removal date the completion of this Commercial Purchase Contract shall be 20 (Twenty) days from such new condition removal date. (Last sentence to remain)

DATED at 2 p.m. on December 10, 2019

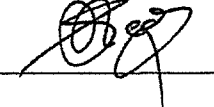
Seller 


Witness Pamela Widew

Seller _____

Witness _____

DATED at 11 a.m. on December 9, 2019

Buyer 

Witness 

Buyer _____

Witness _____

OCTOBER 27, 2019

COUNTER TO SELLER COUNTER

3846525
Contract Number

COMMERCIAL PURCHASE CONTRACT

Between THE SELLER and THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.
Name _____ Name _____

1 THE PROPERTY

1.1 The Property is:

(a) the land located

at Municipal Address: 67 Glenbrook Pl SW
Calgary Ab T2E 6W4

Legal description: Plan S118923 Block/Unit K Lot 2

Excepting thereout all mines and minerals unless otherwise stated

(the "Lands")

(b) all buildings and other improvements on the Lands (the "Buildings");

(c) those unattached goods;

(d) the attached goods except for:

(e) the following tenancies where the seller is the landlord and the buyer is assuming those leases ("Accepted Tenancies"), or as described in the schedules selected as attached in clause 2.1

If the Property is a condominium, the legal description and details are as described in the Commercial Condominium Property Schedule, selected as attached in clause 2.1 below.

2. PURCHASE PRICE AND COMPLETION DAY

2.1 The purchase price is: \$ 5,500,000.00 plus GST (the "Purchase Price").

2.2 With respect to GST payable if the buyer is:

- (a) not a GST registrant under the Excise Tax Act (Canada), then the buyer shall remit the applicable GST to the seller's lawyer on or before the Completion Day. The seller shall remit the GST to the Receiver General as required by law, and will indemnify and save the buyer harmless from and against all costs and expenses (including legal fees on a solicitor's bill indemnity basis) that the buyer may incur or become subject to as a result of the seller's failure to remit GST pursuant to this clause; or

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Seller's Initials Buyer's Initials

(b) a GST registrant under the *Excise Tax Act* (Canada), then the buyer will provide the seller with proof and details of the buyer's GST registration before the Completion Day. The buyer will assume the liability for all GST payable pursuant to the *Excise Tax Act* (Canada) arising in respect of this transaction and will indemnify and save the seller harmless from and against all costs and expenses (including legal fees on a solicitor-client full indemnity basis) that the seller may incur or become subject to as a result of the buyer failing to comply with its obligations pursuant to this clause.

*
AMENDED
JAN 07/20

2.3 This contract will be completed, the Purchase Price fully paid, and vacant possession given to the buyer at 12 noon on ~~January 31~~ December 31, 2019 (the "Completion Day"), subject to the rights of the tenants in the Accepted Tenancies, if any.

After the date that acceptance of this contract is communicated, the seller shall not make any changes to any of the leases pertaining to the Accepted Tenancies without the buyer's consent in writing.

2.5 The seller represents and warrants that on the Completion Day, the Property will be in substantially the same condition as when this contract was accepted, and the attached and unattached goods will be in normal working order.

AMENDED
PAGE 1

3. GENERAL TERMS

3.1 In fulfilling this contract, the seller and buyer agree to act reasonably and in good faith and agree that:

- (a) unless the seller, buyer or both have agreed to alternate representation, the seller and buyer are each represented by their own sole agent and those agents have no agency responsibility to the other party;
- (b) the laws of Alberta apply to this contract;
- (c) Alberta law applies to this contract. Time is of the essence, which means times and dates will be strictly followed and enforced;
- (d) Business Day means every day but Saturday, Sunday and statutory holidays and includes all the hours of the day;
- (e) a reference to the seller or buyer includes singular, plural, masculine, feminine or an entity like a corporation;
- (f) the seller will disclose known Material Latent Defects. Material Latent Defects means a defect in the Property that is not discoverable through a reasonable inspection and that will affect the use or value of the Property;
- (g) the seller and buyer are each responsible for completing their own due diligence and will assume all risks if they do not;
- (h) the seller will ensure the seller's representations and warranties are true by:
 - (i) reviewing documents such as a Real Property Report (RPR), land title, registrations on title, leases and contracts;
 - (ii) determining non-resident status for income tax purposes;
 - (iii) conducting due diligence searches, such as litigation and personal property security registry searches; and
 - (iv) doing other needed research;
- (i) the buyer may get independent inspections or advice on items such as condominium documents, land title, registrations on title, RPR, current and future use, building and mechanical systems, property insurance, title insurance, size of the Lands and Buildings, interior and exterior measurements, leases, estoppel certificates pertaining to Accepted Tenancies, registrations affecting the unattached goods and attached goods, and other items important to the buyer;
- (j) sections 12 and 13 of the *Condominium Property Act* (Alberta) relating to sale of units by developers and rescission of purchase agreements do not apply;
- (k) contract changes that are agreed to in writing will supersede the pre-printed clauses;
- (l) the seller and buyer will read this contract and seek relevant advice before signing it;

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- (m) the brokerages, real estate board and listing services may keep and disclose relevant information about this transaction for reporting, statistical, property evaluation and closing purposes; and
- (n) the Remax Landon Real Estate (seller's/buyer's) brokerage will provide this contract and related documents to the appointed lawyers for the purpose of closing this contract.

4. DEPOSITS

- 4.1 The seller and buyer agree that clauses 4.2 through 4.9 are the terms of trust for the Deposits. "Deposits" means the amounts payable under clauses 4.3 and 4.4, and "Deposit" means either of them.
- 4.2 The seller and buyer appoint Remax Landon In Trust as trustee (the "Trustee") for the Deposits.
- 4.3 The buyer will pay a deposit of \$ 100,000.00 which will form part of the Purchase Price, to the Trustee by Bank Draft (method of payment) on or before November 5, 2019.
- 4.4 The buyer will pay an additional deposit of \$ 50,000.00 which will form part of the Purchase Price, to the Trustee by Bank Draft (method of payment), on or before December 11, 2019.
- 4.5 If the buyer fails to pay a Deposit as required by this contract, the seller may void this contract at the seller's option by giving the buyer written notice. The seller's option expires whenever the seller accepts a deposit, even if late.
- 4.6 The Trustee will deposit the Deposits into a trust account within three Business Days of receipt.
- 4.7 Interest on the Deposits will not be paid to the seller or buyer.
- 4.8 The Deposits will be held in trust for both the seller and buyer. Provided funds are confirmed, the Deposits will be disbursed, without prior notice, as follows:

- (a) to the buyer, if after this contract is accepted:
 - (i) a condition is not satisfied or waived in accordance with clause 6.4;
 - (ii) the seller voids this contract for the buyer's failure to pay an additional deposit in the case where an initial deposit has been paid by the buyer; or
 - (iii) the seller fails to perform this contract;
- (b) to the seller, if this contract is accepted and all conditions are satisfied or waived, and the buyer fails to perform this contract; or
- (c) applied against the Fee owed by the seller by payment directly out of trust to the brokerage(s), with any excess amount paid in trust to the seller's lawyer no later than three Business Days prior to the Completion Day. "Fee" means the amount, plus GST, owed to a real estate brokerage under a written service agreement.
- (d) If the seller or buyer fails or refuses to complete this contract, the other party may seek all remedies, such as claims for deposits and damages, and reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.

4.9 The disbursement of Deposits, as agreed to in this clause, will not prevent the seller or buyer from pursuing remedies in clause 12.

5. LAND TITLE

- 5.1 Title to the Property will be free of all encumbrances, liens and interests except for:
 - (a) those implied by law;
 - (b) non-financial obligations now on title, such as easements, utility rights-of-way, covenants and conditions that are normally found registered against property of this nature; and
 - (c) the following encumbrances that the buyer agrees to accept:

Restrictive Covenant 811 143982 ad order No. 861 166 009 as permitted Encumbrance

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6. REPRESENTATIONS AND WARRANTIES

6.1 The seller represents and warrants to the buyer that:

- (a) the seller has the legal right to sell the Property;
- (b) the seller is not now nor, will it be on the Completion Day a non-resident for the purposes of the *Income Tax Act* (Canada), nor an agent or a trustee for any person with an interest in the Property who is a non-resident of Canada;
- (c) no one else has a legal right to the included attached and unattached goods;
- (d) the current use of the Lands and Buildings complies with the existing municipal land use bylaw and any restrictive covenant on title;
- (e) the location of the Buildings and land improvements:
 - (i) are on the Lands and not on any easement, right-of-way or neighbouring lands unless there is a registered agreement on title or, in the case of an encroachment into municipal lands or a municipal easement or right-of-way, the municipality has approved the encroachment in writing;
 - (ii) complies with any restrictive covenant on title and municipal bylaws, regulations and resolutions, or the Buildings and improvements are "non-conforming buildings" as defined in the *Municipal Government Act* (Alberta);
- (f) known Material Latent Defects, if any, have been disclosed in writing in this contract;
- (g) any government and local authority notices regarding the Property lack of permits for any development on the Property, or notices regarding any environmental conditions or problems known to the seller have been disclosed in writing in this contract;
- (h) there is no legal action outstanding with respect to the Property;
- (i) the Property is in compliance with all applicable environmental laws;
- (j) the seller is not in breach of any contract with respect to the Property which gives rise to an interest in land, including but not limited to, any leases related to Accepted Tenancies;
- (k) any leases pertaining to the Accepted Tenancies are valid and in good standing; and
- (l) the seller is not in breach of any obligation to any third party with respect to the Property which gives rise to an interest in land.

6.2 The representations and warranties in this contract including any attached Schedules:

- (a) are made as of, and will be true at, the Completion Day; and
- (b) will survive completion and may be enforced after the Completion Day as long as any legal action is commenced within the time limits set by the *Limitations Act* (Alberta).

7. DISCLOSURE

7.1 Within 10 Business Days after the date that acceptance of this contract is communicated, the seller will provide to the buyer true copies of all agreements, documents, reports and other materials respecting the Property that are in the possession or control of the seller (the "Disclosure Documents"), including but not limited to: copies of Permitted Encumbrances; copies of leases with respect to Accepted Tenancies; financial records and statements respecting the Property; any operating agreements that the buyer is to assume; all engineering, mechanical, electrical, plumbing, roof, heating, ventilation, construction or similar reports, assessments, plans, drawing, specifications, relevant correspondence or work orders; environmental reports; and: all information pertaining to change of uses. If the Property is a condominium, the Disclosure Documents shall include condominium documents as detailed in the Condominium Documents Schedule, selected as attached in clause 8.1.

THAT IS IN SELLER'S POSSESSION 

7.2 The buyer will keep all information obtained from the seller in strict confidence and will only make such information available to those of buyer's employees, agents and professional advisors on a need to know basis. Should this transaction not be completed, the buyer will return the Disclosure Documents including all copies to the seller immediately.

7.3 The buyer may enter upon the Property for the purpose of conducting its investigations about the state of the Property, subject to the following:

- (a) the rights of any tenants;
- (b) the buyer shall not carry out any destructive or physically invasive testing, except with the prior written consent of the seller and shall repair all damage resulting from its investigations;
- (c) the buyer shall obtain the seller's prior consent as to the timing and length of any inspections;
- (d) in conducting its investigations, the buyer shall use commercially reasonable efforts to minimize disruption of the current use of the Property; and
- (e) the buyer shall indemnify and save the seller harmless from all claims, damages, losses or liabilities of any kind (including legal fees on a solicitor/client full indemnity basis) resulting from the buyer's investigations upon the Property.

7.4 The seller will provide the buyer with such written authorizations and other assistance when reasonably required by the buyer to facilitate the buyer's inspections, reviews and tests, to satisfy its conditions.

8. CONDITIONS

8.1 The seller and buyer will:

- (a) act reasonably and in good faith in trying to satisfy their own conditions, including making reasonable efforts to fulfill them.
- (b) pay for any costs related to their own conditions, except for the providing of documents in the Condominium Documents Condition (if applicable); and
- (c) will obtain professional advice with respect to GST applicable to the transaction.

8.2 Buyer's Conditions

The buyer's conditions are for the benefit of the buyer and are:

(a) **Financing**

This contract is subject to the buyer securing new financing from a lender of the buyer's choice and with terms satisfactory to the buyer, before 6:00 p.m. on December 20 10, 2019. The seller will cooperate by providing access to the Property on reasonable terms.

(b) **Due Diligence**

This contract is subject to the buyer's satisfaction with the results of its review of the Disclosure Documents and its inspections of the Property, before 6:00 p.m. on December 20 10, 2019. The seller will cooperate by providing access to the Property on reasonable terms.

(c) **Additional Buyer's Conditions:**

See Addendum

before _____ : _____ m. on _____, 20____

8.3 Seller's Conditions

The seller's conditions are for the benefit of the seller and are:

It is a condition of this Commercial Purchase Contract that the seller shall have his legal counsel review this entire contract for the benefit of the Seller before 5:00 p.m. on November 5, 2019.

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SEE AMENDMENT PAGE 1
SEE AMENDMENT PAGE 2



COMMERCIAL PURCHASE CONTRACT ADDENDUM

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd

Name Reddy Innovative Health Care Inc.

Name _____

Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab

T3E 6W4

Tot. of (Block(s))	Range	Township	Section	Part	Area

Legal Address: Plan 8110923

Block K

Lot 2

Condo. Plan _____

Legal Unit No. _____

Legal Pending Unit _____

Other _____

This offer is subject to the Buyer determining, at its own expense, that:

- (a) all environmental laws and regulations have been complied with;
- (b) no hazardous conditions or substances exist on the Property;
- (c) no limitations or restrictions affecting the continued use of the Property exist, other than those specifically provided for herein;
- (d) no pending litigation respecting environmental matters or government investigations, charges or prosecutions regarding environmental matters exist;
- (e) there has been no prior use as a waste disposal site; and
- (f) all applicable licences are in force.

Before 5 p.m. on December 21, 2019

SEE AMENDMENT PAGE 3

The Buyer, or its authorized agents, shall have the right, after execution of this Contract by the parties, to enter the Property at its own cost and expense, in order to inspect it, make soil tests, complete surveying, check elevations, contours, grades and perform other such work in relation to the preparation of a real property report for the Buyer's use.

Note: This form must be signed by all parties to the Commercial Purchase Contract.

DATED at 11:59 a.m. on October 26 2019

Seller

Witness

Samela Dedin

Seller

Witness

Buyer

Witness

Buyer

Witness

COMMERCIAL PURCHASE CONTRACT ADDENDUM

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab T3E 6W4

Pt. of (Section)	Range	Township	Section	Foot	Acres

Legal Address: Plan E110923 Block K Lot 2

Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____

Other _____

Upon acceptance of this offer, and after obtaining permission from the Seller, the Buyer shall be allowed to enter the Property from time to time for the purpose of obtaining information. The Seller warrants that all the mechanical, electrical, heating, ventilation, air conditioning systems, air compressors, freight elevators, conveyor systems, boilers, and all other equipment on the Property shall be in good working order on Completion Day.

8.1 (b) Due Diligence Condition

(i) Within ten (10) Business Days of the Final Signing of this Contract, as per clause 17.1, the Seller will provide to the Buyer true copies of all agreements/documents/materials that reasonably relate to the property and to the Buyer's Conditions and which are in the possession of the Seller or under its control (the "Documents"). The Documents will include: any Permitted Encumbrances; Accepted Tenancies; financial records and statements respecting the Property and any operating agreements that the Buyer is to assume; all engineering, mechanical, electrical, plumbing, roof, heating, ventilation, construction or similar reports, assessments, plans, drawing, specifications, relevant correspondence or work orders; environmental reports; and (ii) The Buyer may also, at its expense, retain

Note: This form must be signed by all parties to the Commercial Purchase Contract.

DATED at 1:59 p.m. on October 26 2019

THIS SENTENCE IS CONTINUED ON PAGE 8 FOR CLARITY THIS PORTION OF SENTENCE REMAINS

Seller _____

Witness REMAINS

Seller _____

Witness _____

Buyer [Signature]

Witness [Signature]

Buyer _____

Witness _____

OR Pamela Widdow

**COMMERCIAL PURCHASE CONTRACT
ADDENDUM**

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab T3B 6W4

W. of (Address)	Range	Township	Section	Part	Area

Legal Address: Plan 8110923 Block K Lot 2

Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____

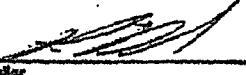
Other _____

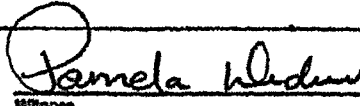
consultants to conduct searches and such inspections, reviews and tests and to produce such observations, reports or assessments regarding the Property as it deems necessary, and for these purposes the Buyer and its authorized representatives, acting reasonably, will have access to the Property after Final Signing and during normal business hours. The rights of the existing tenants must be respected and the Buyer will be responsible for all damages caused by its representatives. The Seller will provide the Buyer with such written authorizations and other assistance when reasonably required by the Buyer to facilitate its inspections, reviews or tests. It is a condition precedent of this offer that the information be satisfactory to the Buyer. Before 5 p.m. on ~~December 20, 2019~~ December 10, 2019 The Buyer shall keep all information obtained in strict confidence and shall only make the information available to the Buyer's employees, agents and professional advisors in strict confidence and shall return all of the above materials including all copies to the Seller before any Deposits are released to the Buyer pursuant to this Contract.

It is a condition of this Contract of Purchase that the Buyer shall have his legal counsel review this entire contract for the benefit of the Buyer by 5:00 PM ~~December 20, 2019~~ November 6, 2019 

Note: This form must be signed by all parties to the Commercial Purchase Contract.

DATED at 11:59 a.m. on October 26 29, 2019


Seller


Witness

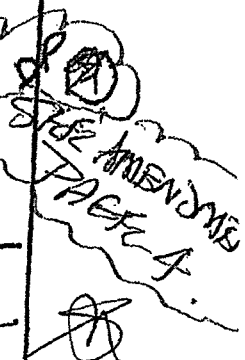
Seller

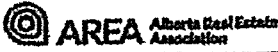
Witness


Buyer


Witness

Buyer


SEE MEMORANDUM PAGE 4.



COMMERCIAL PURCHASE CONTRACT ADDENDUM

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook Pl SW

Calgary Ab T3E 6W4

W. of (or between)	Range	Township	Section	Part	Area

Legal Address: Plan 8110923 Block K Lot 2

Condo. Plan _____ Legal Unit No. _____ Legal Parking Unit _____

Other _____

SEE ADDENDUM PAGE 5

It is a condition of this Contract of Purchase that Remax Landon shall receive a fee of 1.5% of the selling price of the subject property upon completion and may retain that portion from funds held in their trust account and retained for their distribution.

It is a Condition, for the benefit of the Buyer, that the Seller shall arrange and accept terms and conditions of a new lease with the Buyer prior to December 30, 2019 for 671.5 square meters of main floor space in the subject building, at a rate of \$23.00 per square foot Triple Net for a term of 5 years from the date of Completion of this Contract of Purchase plus the new landlord shall provide an option to renew the lease to the Seller for an additional 5 year term at a market rate to be agreed to within 6 months of expiry of the existing 5 year term. It is understood, the operating name of the tenant may be McArthur Fine Furniture. Matters pertaining to the Buyer conditions related to demising walls, electrical and HVAC shall be addressed in the lease agreement. The location of the tenant space shall be the same as that described in this City of Calgary approved change of use drawings exclusively.

DP to be located in the north PER CITY OF CALGARY APPROVED PLANS DP

Note: This form must be signed by all parties to the Commercial Purchase Contract, lease agreement.

DATED at 11:59 a.m. on October 29, 2019

[Signature]
Seller

[Signature]
Witness

Seller

Witness

[Signature]
Buyer

[Signature]
Witness

Buyer

Witness

COMMERCIAL PURCHASE CONTRACT ADDENDUM

This Addendum is attached to and forms part of the Commercial Purchase Contract # 3846525

Between

THE SELLER

and

THE BUYER

Name MTK Properties Ltd Name Reddy Innovative Health Care Inc.

Name _____ Name _____

With respect to the Property described as:

Municipal Address 67 Glenbrook PI SW

Calgary Ab T3B 6W4

W. of (Block)	Range	Township	Section	Foot	Acres

Legal Address: Plan B110923 Block K Lot 2

Conda. Plan _____ Legal Unit No. _____ Legal Parking Unit _____

Other _____

Handwritten initials and scribbles

In the event the buyer, through their best efforts, is unable to receive and review all documents, engineers reports, city information, and any other information pertaining to the subject property by the condition removal date of December 20, 2019 the Seller agrees to extend the condition removal date for a minimum of 30 days from December 20, 2019. The Buyer agrees that if there is an extension of condition removal date, the completion of this Commercial Purchase Contract shall be 20 (twenty) days from such new condition removal date. The buyer will exercise best efforts to remove all conditions precedent in a timely manner.

SEE ADDENDUM PAGE 10
Reddy

Note: This form must be signed by all parties to the Commercial Purchase Contract.

DATED at 11:59 a.m. on October 26th 2019

[Signature]
Seller

Pamela Widen
Witness

Seller

Witness

[Signature]
Buyer

[Signature]
Witness

Buyer

Witness

8.4 Each party will give the other written notice that:

- (a) a condition is unilaterally waived or satisfied on or before the date upon which it expires. If not, this contract will end after the time indicated for that condition; or
- (b) a condition will not be waived or satisfied prior to the date upon which it expires. This contract will end upon that notice being given.

9. ATTACHMENTS AND ADDITIONAL TERMS

9.1 The selected documents are attached to and form part of this contract:

- Certificate of Title for the Lands;
- Commercial Condominium Property Schedule
- Condominium Documents Schedule
- Financing Schedule (Seller Financing, Mortgage Assumption, Other Vetus);
- Addendum;
- Accepted Tenancies
- Other City of Calgary Development Permits Status

9.2 If the Property is a condominium, to the best of the seller's knowledge and to be verified by the buyer, the total current monthly condominium contribution for the Property is \$ _____.

9.3 The parties agree that the following additional terms shall form a binding part of this contract:

10. CLOSING PROCESS

Closing Documents

10.1 As applicable, the closing documents will be:

- (a) transfer of land (the "Transfer") in registrable form;
- (b) statement of adjustments;
- (c) bill of sale for any unattached goods;
- (d) stoppage certificates for each of the Accepted Tenancies along with assignment of leases;
- (e) GST indemnity certificate;
- (f) RPR (if not yet provided); and
- (g) such other closing documents reasonably requested by the seller's lawyer or the buyer's lawyer

(the "Closing Documents"). The Closing Documents will include an RPR(s) showing the current improvements on the Property according to the Alberta Land Surveyors' Association Manual of Standard Practice, with evidence of municipal compliance or non-compliance and confirming the seller's warranties about the Lands and Buildings. This obligation will not apply if there are no structures on the Lands. The buyer or buyer's lawyer must have a reasonable amount of time to review the RPR(s) prior to submitting the transfer documents to the Land Titles Office.

Closing Procedure

10.2 The seller or the seller's lawyer will deliver the Closing Documents to the buyer or buyer's lawyer upon reasonable trust conditions for a commercial property transaction, including delivery within a reasonable time before the Completion Day to allow for confirmation of registration of documents at the Land Titles Office, obtain the advance of mortgage proceeds, and verify of the transfer of other value items.

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10.3 If a new mortgage is a condition of this contract, the seller agrees to trust conditions that allow the buyer's lawyer to register the Transfer so as to obtain the advance of mortgage funds on the new mortgage, provided however that the buyer's lawyer undertakes, accepts, and complies with reasonable trust conditions imposed by the seller's lawyer until the seller has been paid the total Purchase Price.

Payments and Costs

10.4 The Purchase Price (other than Deposits) shall be paid by certified cheque, bank draft or solicitor's trust cheque.

10.5 All normal adjustments for the Property including but not limited to taxes, local improvement taxes and assessments, municipal charges, rent, utilities, monthly condominium contributions, tenant deposits including interest, prepaid rent, and mortgage principal and interest that are applicable with respect to the Property will be the seller's responsibility for the entire Completion Day and thereafter assumed by the buyer.

10.6 The seller's lawyer may use the Purchase Price to pay and discharge all of the seller's financial obligations related to the Property. The seller's lawyer will provide the buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and, if the Property is a condominium, an estoppel certificate evidencing the payment of all condominium contributions that are the seller's obligation to pay, within a reasonable time after the Completion Day.

10.7 If the seller has entered into a written service agreement with a real estate brokerage, the seller instructs the seller's lawyer to honour the terms of that agreement, including the Fee and other costs payable to the seller's brokerage.

10.8 The seller will have the right to register a seller's caveat against the title to the Property and the buyer shall have the right to register a buyer's caveat against the title to the Property, upon the date that acceptance of this contract is communicated.

10.9 The seller will pay the costs to prepare the Closing Documents, costs to end any existing tenancies that are not Accepted Tenancies and provide vacant possession to the buyer and costs to prepare, register and discharge any seller's caveat based on this contract.

10.10 The buyer will pay the costs to prepare, register and discharge any buyer's caveat based on this contract and to register the Transfer and mortgage, if applicable.

Completion Day Delays

10.11 If the seller fails to deliver the Closing Documents in accordance with clause 10.2, then:

- (a) the buyer's payment of the Purchase Price and late interest will be delayed until the buyer or buyer's lawyer has received the Closing Documents and has a reasonable time to review and register them, obtain the advance of mortgage financing, and verify the transfer of other value items, as applicable; and
- (b) if the buyer is willing and able to close in accordance with this contract and wants to take possession of the Property, then the seller will give the buyer possession upon reasonable terms which will include the payment of late interest only on the amount of mortgage being obtained by the buyer at the interest rate of that mortgage.

10.12 If the seller has complied with clauses 10.1 and 10.2, but the buyer is not able to close in accordance with this contract, then:

- (a) the seller may, but is not obligated to, accept late payment of the Purchase Price and give the buyer possession upon reasonable terms; and
- (b) if the seller agrees to accept late payment of the Purchase Price and, whether or not possession is granted, the buyer will pay late interest at the prime lending rate of the ATR Financial at the Completion Day plus 5% calculated daily from and including the Completion Day to (but excluding) the day the seller is paid in full. Payment received after 12 noon on any day will be payment as of the next Business Day.

11. INSURANCE

11.1 The seller bears the risk of loss or damage to the Property until the Purchase Price is paid. If such loss or damage occurs before the Purchase Price is paid, any insurance proceeds will be held in trust for the seller and buyer based on their interests.

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12. REMEDIES

- 12.1 If the seller or buyer fails or refuses to complete this contract, the other party may seek all remedies, such as claims for Deposits and damages, and reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.
- 12.2 On buyer default, if the seller must restore the Property title, enforce a lien against the Property or regain possession of the Property, the seller may seek all remedies, such as claims for damages, and all reasonable costs including legal fees and disbursements on a solicitor/client full indemnity basis.
- 12.3 The seller and the buyer agree that the Property is unique. On seller default, the buyer may make a claim for specific performance and other remedies.

13. NOTICE AND DOCUMENTS

- 13.1 A notice under this contract means a written document, including notices required by this contract, and this contract when accepted.
- 13.2 A notice is effective at the time the document is delivered in person or sent by fax or email.
- 13.3 Giving notice means the document is transmitted by one of these methods, and regardless of the method, the notice document is recognized as an original document.
- 13.4 For documents that require a signature, an electronic signature, as defined in the *Electronic Transactions Act (Alberta)*, or a digitized signature will have the same function as an ink signature.

14. AUTHORIZATION

- 14.1 The seller and buyer may each authorize a representative to send and receive notices as described above. Once authorized, notices will be effective upon being delivered in person or sent by fax or email to the authorized representative.

The seller authorizes: _____

The buyer authorizes: George Wilson

Seller's Brokerage:

Buyer's Brokerage:

Name: JLE

Name: RE/MAX LANDAN REAL ESTATE

Address: 855 2nd Street SW #3900
Calgary T2P4K7

Address: #102, 279 MIDPARK WAY S.E.
CALGARY TXH 1M2

Brokerage Representative:

Brokerage Representative:

Name: Ryan J. Murphy

Name: George Wilson

Phone: 403 456-5582 Fax: _____

Phone: (403) 491-7569 Fax: _____

Email: ryan.murphy@am.ll.com

Email: admin@geornewilson.ca

- 14.2 If the seller or the buyer does not authorize a brokerage, then:

The seller authorizes:

The buyer authorizes:

Name: _____

Name: _____

Phone: _____ Fax: _____

Phone: _____ Fax: _____

Address: _____

Address: _____

Email: _____

Email: _____

- 14.3 If the authorization information changes, the seller and buyer agree to give written notice to the other party as soon as the change is known so that future notices may be sent to the proper person and place.

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81_AAR2018_AR2A0

Seller's Agent Buyer's Agent

Page 12 of 12
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15. CONFIRMATION OF CONTRACT TERMS

15.1 The seller and buyer confirm that this contract sets out all the rights and obligations they intend for the purchase and sale of the Property and that:

- (a) this contract is the entire agreement between them; and
- (b) unless expressly made part of this contract, in writing:
 - (i) verbal or written collateral or side agreements or representations or warranties made by either the seller or buyer, or the seller's or buyer's brokerage or agent, have not and will not be relied on and are not part of this contract; and
 - (ii) any pre-contractual representations or warranties, however made, that induced either the seller or buyer into making this contract are of no legal force or effect.

Seller's initials _____ Buyer's initials AE

16. LEGAL OBLIGATIONS BEGIN

16.1 The legal obligations in this contract begin when the accepted contract is delivered in person or sent by fax or email. The obligations bind the seller and the buyer as well as their heirs, administrators, executors, successors and assigns.

17. OFFER

17.1 The buyer offers to buy the Property according to the terms of this contract.

17.2 This offer counter offer shall be open for acceptance in writing until 10:00 am November 1 ~~4:00 pm on October 30~~, 2019.

SIGNED AND DATED at calgary, Alberta at 11:59 a.m. on October 26 29, 2019.

[Signature]
Signature of Buyer or Authorized Signatory of Buyer
Sureshmi Reddy
Print Name of Buyer or Authorized Signatory of Buyer

[Signature]
Signature of Witness
GEORGE WILSON
Print Name of Witness

Signature of Buyer or Authorized Signatory of Buyer

Signature of Witness

Print Name of Buyer or Authorized Signatory of Buyer

Print Name of Witness

Buyer's GST # 82982 5702 RT0001

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18. ACCEPTANCE

18.1 The seller agrees to sell the Property according to the terms of this contract.

SIGNED AND DATED at Edmonton, Alberta at 12:00 p.m. on November 1, 2019.

[Signature]
Signature of Seller or Authorized Signatory of Seller

Pamela Wlodek
Signature of Witness

Print Name of Seller or Authorized Signatory of Seller

Print Name of Witness

Signature of Seller or Authorized Signatory of Seller

Signature of Witness

Print Name of Seller or Authorized Signatory of Seller

Print Name of Witness

Seller's GST # 103582326

INFORMATION

The following is for information purposes and has no effect on the contract's terms:

REJECTION

We do not accept this offer/bidder offer. No counter offer is being made.

SIGNED AND DATED at _____, Alberta at _____: _____ p.m. on _____, 20____.

Signature of Seller or Authorized Signatory of Seller


Signature of Buyer or Authorized Signatory of Buyer

Signature of Seller or Authorized Signatory of Seller

Signature of Buyer or Authorized Signatory of Buyer

This form was developed by the Alberta Real Estate Association for the use of its members and may not be altered electronically by any person. Others who use this document do so at their own risk.

This is Exhibit "J"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

----- Original Message -----

From: "admin.georgewilson.ca"

Date: Mon., January 27, 2020 5:09 p.m. -0700

To: "Murphy, RyanJ"

CC: "admin.georgewilson.ca"

Subject: [EXTERNAL] 67 Glenbrook Pl SW Descriptive Email, Attachments 6 re extension

Sirs:

With this email you will find, executed by Purchaser, Amendments to the Commercial Purchase Contract between MTK Properties and Reddy Innovative Health Care Inc.

For all parties and third parties related to the Commercial Purchase Contract described, my client feels the need to explain the reasoning behind their requirement to have the Seller execute the Amendments and return them. The request is due to an unforeseen delay in receiving a firm commitment letter from City National Bank New York (An RBC Company).

The purchase of the subject property began mid October 2019 and resulted in an accepted by all parties Commercial Purchase Contract November 05, 2019. Included in the Commercial Purchase Contract were a number of Conditions Precedent including receipt of various documents and examination and review of same by the Purchaser, Discussions with various Engineering Professionals, Discussions with an, approved by Banks, Appraiser from Altus Appraisals, contracting of Altus appraisals to conduct a detailed appraisal of the subject property. The appraisal was completed and provided to the Purchaser January 10, 2020.

During the due diligence period, the Purchaser was in discussions with various banks and lending institutions regarding the anticipated purchase of the subject property. After receiving the Appraisal from Altus Appraisals, the purchaser provided documents, including the Appraisal, to various commercial lenders and entered into discussions to avail themselves of an acceptable commitment from a bona fide lender. To date, the Purchaser has the commitment for the largest percentage of the required funds and is awaiting the commitment letter related to the lessor portion of the required funds to complete the purchase. The lessor portion of the funds is currently awaiting the receipt of an appraisal on a property in New York State.

The Purchaser currently is dealing with The Royal Bank of Canada and has a long standing relationship with Sean Ogunsola, Regional VP RBC Wealth Management, Calgary and his associate Van Thai Private Banker RBC, Calgary. The property in New York State awaiting appraisal information and commitment is being handled by City National Bank New York (An RBC Company) and representative Scott Raphael, VP Residential Loan Consultant . Our information is the New York Bank is a division of Royal Bank of Canada. The representative from City National Bank advised the Purchaser Friday January 24, 2020 that the Bank required an appraisal of the New York property. The Purchaser immediately discussed this matter with their personal Royal Bank of Canada banker and arranged for a rush appraisal plus paid for same. At this time the Purchasers and by default, all parties to the Commercial Purchase Contract and third parties, are awaiting the appraisal and the commitment letter from City National Bank New York (An RBC Company).

At all times during this process the Purchasers have been forthright with all parties concerned and have responded quickly to any request for information or detail. The Purchasers are committed to purchasing the subject property and are only delayed by late requests from financial institutions.

The Purchasers undertake, immediately they are made aware of the commitment from City National Bank for the funds requested, to remove all Conditions Precedent and to complete the Commercial Contract of Purchase on March 11, 2020.

We trust this meets with your approval.

Regards,
George Wilson

George Wilson
Personal Real Estate Corporation
DIPL.T. C.MED. ASA, ACP

📞 **403.888.7569**
✉️ **admin@georgewilson.ca**

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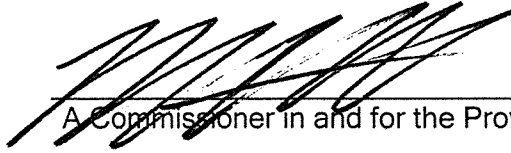
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This is Exhibit "K"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

From: admin georgewilson.ca <admin@georgewilson.ca>
Sent: Tuesday, January 28, 2020 4:08 PM
To: Murphy, RyanJ <RyanJ.Murphy@am.jll.com>
Cc: admin georgewilson.ca <admin@georgewilson.ca>
Subject: [EXTERNAL] RE: 2 pages of non financial waivers re 67 Glenbrook PI SW.

Ryan

Attached are two pages of non financial waivers of Conditions Precedent re 67 Glenbrook PI SW.

There is a remaining waiver related to receiving and reviewing a duly executed by all parties Lease between the Buyer and Seller. Immediately I receive confirmation for the Buyer and their chosen legal counsel that all is in order I will provide a waiver of the lease Condition Precedent.

I have received the Addendum with a Schedule A. We acknowledge the Schedule A forms a part of Amendment Page 1(B)

FYI I witnessed the signatures of the authorized signatory.

Thank you
I trust all is in order until next we have a deadline.
Regards



George Wilson

From: Murphy, RyanJ
Sent: January 28, 2020 3:35 PM
To: admin georgewilson.ca <admin@georgewilson.ca>
Subject:

See attached.

Ryan Murphy, B.A., AACI, P.App
Senior Sales Associate
Bankers Hall East, 855 – 2nd Street SW, Suite 3900, Calgary, AB T2P 4K7
JLL Capital Markets, Calgary
Tel +1 403 456 5582 mob +1 403 969 1049 fax +1 587 880 9966
RyanJ.Murphy@am.jll.com
www.joneslanglasalle.ca



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COMMERCIAL PURCHASE CONTRACT

NOTICE

(Re: Waiver/Satisfaction of Conditions)

This Notice is attached to and forms part of the Commercial Purchase Contract # 3846525

Notice to: MTK Properties Ltd.

Via Email to Ryan Murphy - JLL

Seller/Buyer of the Property

Municipal Address 67 Glenbrook Pl SW

Calgary Ab

T3E 6W4

Legal Address: Plan 8110923

Block/Unit K

Lot 2

1. I am the Seller/Buyer of the Property in the Commercial Purchase Contract # 3846525 (the "Contract").

The condition(s) in that Contract that I now unilaterally waive or have satisfied is (are):

✓ This offer is subject to the Buyer determining, at its own expense, that: a) all environmental laws and regulations have been complied with; b) no hazardous conditions or substances exist on the property; c) no limitations or restrictions affecting the continued use of the property exist, other than those specifically provided for herein; d) no pending litigation respecting environmental matters or government investigations, charges or prosecutions regarding environmental matters exist; e) there has been no prior use as a waste disposal site; and f) all applicable licences are in force. Before 5:00PM January 28, 2020.

✓ 8.2(b)-Due Diligence Condition: It is a Condition Precedent of this offer that the information be satisfactory to the Buyer before 5PM on January 28, 2020

✓ -8.2 (b) This contract is subject to the Buyer's satisfaction with the results of the review of the Disclosure Documents and it's inspection of the property before 6:00PM on January 28, 2020. The Seller will co-operate by providing access to the property at reasonable times.

2. All other provisions in the Contract remain in full force and effect.

3. In this notice, the singular shall be constituted as the plural where the context so requires.

4. This notice shall enure to the benefit and be binding upon my heirs, executors, administrators, successors and assigns.

5. **As per the Contract, if a notice has not been given to the other party before 5 p.m. on or before the stated Condition Day, then the transaction is ended.**

SIGNED in the presence of a witness, and DATED at Calgary, Alberta
at 2 p.m. on January 28, 2020.

Reddy Innovative Health Care Inc.

/Buyer

Witness

/Buyer

Witness

If needed for commercial transactions:

Per: [Signature]

Authorized Signing Officer(s)

Witness

Per: _____

Authorized Signing Officer(s)

Witness

COMMERCIAL PURCHASE CONTRACT

NOTICE

(Re: Waiver/Satisfaction of Conditions)

This Notice is attached to and forms part of the Commercial Purchase Contract # 3846525

Notice to: MTK Properties Ltd. Via Email to Ryan Murphy - JLL

Municipal Address 67 Glenbrook Pl SW Seller/Buyer of the Property

Calgary Ab T3E 6W4

Legal Address: Plan 8110923 Block/Unit K Lot 2

1. I am the Seller/Buyer of the Property in the Commercial Purchase Contract # 3846525 (the "Contract").
The condition(s) in that Contract that I now unilaterally waive or have satisfied is (are):

In the event the Buyer, through their best efforts, is unable to receive and review all documents, engineers reports, city information, and any other information pertaining to the subject property by the condition removal date of January 28, 2020 the Seller agrees to extend the condition removal date for a minimum of 30 days from January 28 2020. The Buyer agrees that if there is an extension of condition removal date the completion of this Commercial Purchase Contract shall be 20 (Twenty) days from such new condition removal date. The Buyer will exercise best efforts to remove all conditions precedent in a timely manner

2. All other provisions in the Contract remain in full force and effect.
3. In this notice, the singular shall be constituted as the plural where the context so requires.
4. This notice shall enure to the benefit and be binding upon my heirs, executors, administrators, successors and assigns.
5. **As per the Contract, if a notice has not been given to the other party before 5 p.m. on or before the stated Condition Day, then the transaction is ended.**

SIGNED in the presence of a witness, and DATED at Calgary, Alberta
at 2 p.m. on January 28, 2020.

Reddy Innovative Health Care Inc.
/Buyer Witness

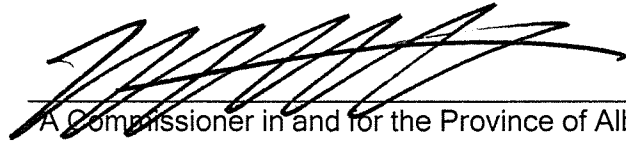
Seller/Buyer Witness

If needed for commercial transactions:

Per: [Signature]
Authorized Signing Officer(s) Witness

Per: _____
Authorized Signing Officer(s) Witness

This is Exhibit "L"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

CONDITIONAL OFFER TO PURCHASE
(hereinafter referred to as the "Offer")

To: MTK PROPERTIES LTD.

572843 Alberta Ltd., or its nominee, (the "Purchaser") hereby conditionally offer to purchase from **MTK PROPERTIES LTD. (the "Vendor")** the real property located at 141 Gateway Dr. NE, Airdrie, and legally described as Plan 081892; Block 5; Lot 1 (the "Property").

The Purchaser offer to purchase the Property on the following terms and conditions:

1. PRICE

The total purchase price shall be FOUR MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$4,800,000.00) payable on such terms and conditions as the Purchaser and Vendor may hereafter mutually agreed upon.

2. DEPOSIT

A refundable \$10,000 will be held in trust.

3. CLOSING & POSSESSION

The date of possession and closing shall be March 31, 2020, or other such date as may be mutually agreed to in writing between the Purchaser and the Vendor ("Closing").

4. TITLE

Title to the Property shall be transferred to the Purchaser at Closing free and clear of all encumbrances whatsoever.

5. CONDITIONS FOR PURCHASE

- a. This offer is subject to the following conditions precedent which are inserted for the sole benefit of the Purchaser and may be removed at the sole discretion of the Purchaser:
 - i. The Vendor is at Closing the sole legal and beneficial owner of Property;
 - ii. Confirmation to the satisfaction of the Purchaser that the Property is free and clear of all encumbrances;
 - iii. Procurement of adequate financing by the Purchaser on terms satisfactory to the Purchaser;

- iv. Execution of a lease agreement between the Vendor and Purchaser, on such terms and conditions as the parties mutually agree

These conditions are inserted for the sole benefit of the purchaser and may be waived or satisfied by Purchaser. These conditions will be deemed to have been met or waived only when the Purchaser delivers to the Vendor notice in writing at the address herein provided.

6. REPRESENTATIONS AND WARRANTIES & ADDITIONAL COVENANTS

The Vendor hereby represents, warrants and covenants to the Purchaser as follows, and acknowledges that the Purchaser is relying upon such representations, warranties and covenants in connection with the purchase of the Property:

- a. The Vendor confirms that it has full power and authority to execute this Offer and fully perform all of its obligations and covenants herein, including the covenant to convey the Property to the Purchaser herein.
- b. No person, firm or corporation other than the Purchaser has any agreement, option or understanding or any right capable of becoming an agreement, option or right to purchase all or any part of the Property.
- c. No assessment for improvements has been made or filed constituting a lien against the Property. The Vendor has no knowledge of, nor has it received any notification of any proceedings respecting condemnation, expropriation, taking or reserving of all or any portion of Property.
- d. No notice of contravention of any statute, by-law, ordinance, rule or regulation of any regulatory body or authority arising from current use and occupancy of the Property has been received by the Vendor.
- e. There will be no liens, charges or encumbrances whatsoever against the said Property as at Closing.
- f. That the Vendor is not a non-resident of Canada or acting as trustee or agent for a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada).
- g. The Vendor warrants that to its knowledge the Property does not contain hazardous waste, toxic substances, pollutants, noxious substances which are covered by or are under federal, provincial or local government regulation, guideline or order on or under the site.

- h. The Property is not the site of any reported release or designated or subject to designation as a "contaminated site" under the *Environmental Protection and Enhancement Act (Alberta)*.
- i. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Vendor) or which the Vendor has knowledge, pending or threatened against or affecting the Vendor at law or in equity or before by any federal, provincial, municipal or other government department, commission, board, bureau, agency or instrumentality, domestic or foreign, which might affect the Property.

7. INSURANCE

Until title of the Property is registered in the name of the Purchaser, the Property shall be at the sole risk of the Vendor. Upon issuance of title into the name of the Purchaser the Property shall be at the sole risk of the Purchaser.

8. CLOSING DOCUMENTATION

Prior to Closing, the Vendor agrees to deliver to the Purchaser's solicitors, in addition to any other closing documentation reasonably required, transfer document in registerable form for the Property within sufficient number of business days so as to enable the Purchaser's solicitors reasonable time for completion of registration of same.

The documents required to be delivered by the Vendor shall be delivered to the Purchaser's solicitors in trust on such conditions as the Vendor's solicitors may be reasonably require to protect the interests of the Vendor and to ensure the payment of the balance of the purchase price on the Closing Date. Such closing documents will be delivered by the Vendor's solicitors upon such reasonable and customary trust conditions as the Vendor's solicitors and the Purchaser's solicitors can agree and, failing agreement, as determined by arbitration. The Vendor's and Purchaser's solicitors shall have 48 hours to agree on a conveyancing solicitor to act as arbitrator for such purposes, failing which the matter is to be arbitrated by a single arbitrator in accordance with the provisions of the *Arbitration Act (Alberta)*.

Provided the Vendor is not in default hereunder, if the Purchase Price is not paid on the Closing Date to the Vendor's Solicitors for release to the Vendor upon transfer of title being registered in accordance with reasonable and customary trust conditions, the Vendor shall have the option, upon written notice to Purchaser to elect to either

- a. terminate this Offer, in which event the Purchaser shall have no interest in the Property and the Vendor and Purchaser shall have no further claims against each other whatsoever; or

- b. extend the Offer for a period specified by Vendor, in which event, in addition to the Purchase Price, the Vendor then shall be entitled to interest, on the portion of the Purchase Price outstanding, at the Royal Bank of Canada rate of Prime per annum calculated and compounded monthly from Closing until the entire Purchase Price has been paid and is releasable to the Vendor, pursuant to the terms hereof. Time shall remain of the essence.

9. GOODS AND SERVICES TAX

Vendor and Purchaser agree that should any goods and services taxes be applicable to the purchase and sale of the Property then it is included in the Purchase Price and remitted by the Vendor in accordance with applicable legislation.

10. NO COLLECTION OF GOODS AND SERVICES TAX

The Purchaser represents ad warrants to the Vendor that the Purchaser is registered pursuant to subdivision (d) of Division V of Part 9 of the *Excise Tax Act* (Canada), as amended, the purposes of remission of GST on taxable supplies made by the Purchaser and the Purchaser is not an "individual" in accordance with the terms of Section 123 of the *Excise Tax Act* (Canada). Accordingly, pursuant to the provisions of Section 221 (2) of the Act, no amount is required to be remitted or shall be remitted by the Purchaser to the Vendor in respect of any GST, payable by the Purchaser in relation to its acquisition of the Property. Purchaser shall provide its GST Number to the Vendor prior to Closing.

11. NOTIFICATION

Any notice to be given under the provision of this Offer shall be given in writing and shall be delivered by personal delivery by registered mail, or by transmitted by facsimile as follows:

Vendor:	MTK PROPERTIES LTD. c/o 141 Gateway Drive NE Airdrie, AB T3E 6W4
Purchaser:	572843 Alberta Ltd. 105 Spring Water Close, Heritage Pointe, AB T1S 4K4 Attention: Edwin Pound
Purchaser's solicitor:	CARSCALLEN LAW FIRM Centrium Place 900, 332 6 Avenue SW Calgary, Alberta T2P 0B2 Attention: Aron Balakrishnan

Any notice shall, if mailed, be deemed to have been effectively given four business days after posting, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a business day and, if not, the next succeeding business day) and if sent by facsimile transmission be deemed to have been given and received at the time of receipt unless actually received after 4:00 pm at the point of delivery or on a day that is not a business day in which case it shall be deemed to have been given and received on the next business day. A party may from time to time notify the other party in writing of a change of address or facsimile number. If the party giving the notice knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any notice shall not be mailed but shall be given by personal delivery or by facsimile.

12. MISCELLANEOUS

The Vendor and the Purchaser hereby agree that:

- a. Time shall be of the essence.
- b. This Offer shall ensure to the benefit of and be binding upon the heirs, executors, administrators, and the assigns of the parties hereto.
- c. The obligations of all parties hereunder shall continue in full force and effect and shall not be deemed to be merged in any conveyance or conveyances to be given to the Purchaser.
- d. This Offer to Purchase constitutes the entire agreement between the Vendor and the Purchaser and there is no representations, warranties, collateral agreements or conditions affecting the Property or the Offer arising out of acceptance of this Offer, other than as are set forth herein.
- e. This Offer shall be governed by the laws of the Province of Alberta.
- f. This Offer may be executed in separate counter parts by the parties and each counterpart shall when executed and delivered be an original document, but all counterparts shall together constitute one and the same instrument. Executed copies of the signature pages of this Offer sent by facsimile or transmitted electronically in either Tagged Image Format Files (TIFF) or Portable Document Format (PDF) shall be treated as originals, fully binding and with full legal force and effect, and the parties waive any rights they may have to object to such treatment, provided that this treatment shall be without prejudice to the obligation of the parties to exchange original signature as quickly as practicable after execution of this Offer, but failure to do so shall not affect the validity, enforceability or binding effect of this Offer.

13. FURTHER ASSURANCES

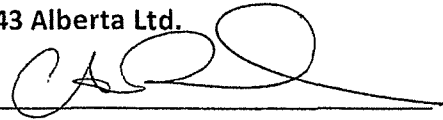
The Vendor and Purchaser covenant and agree to take all steps and sign all further documents as are reasonably required or necessary to give effect to the transactions set forth herein.

14. ACCEPTANCE

Unless otherwise agree to in writing between the Vendor and Purchaser, this offer shall expire if not accepted by the Vendor by signing below where indicated and returning a copy of this Offer by facsimile or delivery of the original to the Purchaser on or before 12:00 p.m. (Calgary time) on January 30, 2019.

SIGNED AND DATED BY THE PURCHASER as of this 27 day of January, 2020

572843 Alberta Ltd.

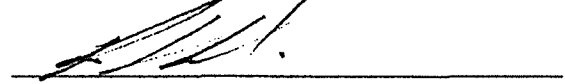


Per:

Ted Pound - President

ACCEPTED AND DATED BY THE VENDOR as of this 29 day of January, 2020


MTK PROPERTIES LTD.



Per:

Robert Pound - Director

This is Exhibit "M"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020



A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor

572843 ALBERTA LTD.

(Landlord)

- and -

MTK PROPERTIES LTD.

(Tenant)

LEASE

BUILDING: 141 Gateway Drive NE, Airdrie


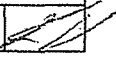
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<i>[Handwritten Signature]</i>

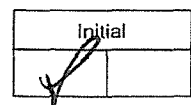
LEASE

This Lease dated as of January 29, 2020 is made and entered into by the Landlord and Tenant named below who agree as follows:

ARTICLE 1
BASIC TERMS

1.1 Basic Terms

- (a) (i) **Landlord:** 572843 Alberta Ltd.
105 Spring Water Close, Heritage Pointe
Calgary, AB T1S 4K4
- (ii) **Address:** 572843 Alberta Ltd.
105 Spring Water Close, Heritage Pointe
Calgary, AB T1S 4K4
- (iii) **Building Address:** 141 Gateway Dr. NE
Airdrie, AB T4B 0J6
- (b) (i) **Tenant:** MTK Properties Ltd.
- Address:** 67 Glenbrook Pl SW
Calgary, AB T3E 6W4
- Telephone:** (403) 246-6266
- Fax:** (403) 240-2464
- Email:** robertpound@mcarthurfurniture.com
- (c) **Rentable Area of the Premises:** 35,982 square feet of the entire Building.
- (d) **Term:** 5 Years, plus the part of the calendar month from the Commencement Date to the first day of the next calendar month.
- (e) (i) **Commencement Date:** The Commencement Date shall be March 15, 2020.
- (ii) **Expiry Date:** Five (5) years from the Commencement Date.
- (f) **Renewal Period** One (1) period of five (5) years as provided in Schedule F.
- (g) **Basic Rent**
- | Period | Per Sq. Ft. of Rentable Area Per Year |
|-----------|---------------------------------------|
| Years 1-5 | \$26,458 monthly |



- (h) **Security Deposit** \$10,000
- (i) **Prepaid Rent** The Tenant shall provide a deposit cheque payable to the Landlord in the amount equal to the first and sixtieth months Basic Rent, including GST, which shall be applied to the first month payable and sixtieth month Basic Rent of the Term.
- (j) **Operating Name of Business (if different from the legal name):** McArthur Fine Furniture

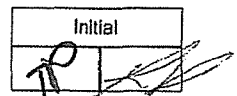
The foregoing basic terms are hereby approved by the parties and each reference in this Lease to any of the basic terms shall be construed to include the provisions set forth above as well as all of the additional terms and conditions of the applicable sections of this Lease where such basic terms are more fully set forth.

ARTICLE 2 DEFINITIONS

2.1 Definitions

In this Lease:

- (a) **"Additional Rent"** means all amounts in addition to Basic Rent payable to the Landlord or any other Person under this Lease, other than GST.
- (b) **"affiliate"** has the meaning given in the *Business Corporations Act* (Alberta).
- (c) **"Architect"** means such firm of professional architects, engineers or surveyors as the Landlord may select from time to time engaged for preparation of construction drawings for the Building or for general supervision of architectural and engineering aspects and operations thereof or for the measurement of the Building of part or parts thereof and includes any consultant(s) from time to time appointed by the Landlord or the Architect whenever such consultant(s) is acting within the scope of his appointment and specialty.
- (d) **"Basic Rent"** means the amount described in Section 1.1(g) and payable by the Tenant to the Landlord in respect of each Lease Year or any portion thereof under Section 5.1.
- (e) **"BOMA Standard"** means the American National Standard Method for Measuring Floor Area in Office Buildings (ANSI/BOMA Z65.1-1996), as such standard may be amended or replaced from time to time by the Building Owners and Managers Association International ("BOMA") or a successor organization to BOMA and as such standard may be further amended by the Landlord in measuring floor areas of the Building.



- (f) **"Building"** means the building located on the Land with the municipal address of 67 Glenbrook Pl SW, Calgary, Alberta in which the Premises are located and all other structures, improvements, facilities and appurtenances that have been or will be constructed on the Land (above, at or below grade), including the Building Systems and the Common Areas, all as may be altered, expanded, reduced or reconstructed from time to time.
- (g) **"Building Systems"** means at any time: (i) all heating, ventilating and air-conditioning and other climate control systems and other systems, services, installations and facilities installed in or servicing the Building including, without limitation, the following systems, services, installations and facilities: elevators and escalators, mechanical (including plumbing, sprinkler, drainage and sewage), electrical and other utilities, lighting, sprinkler, life safety (including fire prevention, communications, security and surveillance), computer (including environmental, security and lighting control), ice and snow melting, refuse removal, window washing and music; (ii) all machinery, appliances, equipment, apparatus, components, computer software and appurtenances forming part of or used for or in connection with any of such systems, services, installations and facilities including, but not limited to, boilers, motors, generators, fans, pumps, pipes, conduits, ducts, valves, wiring, meters and controls, and the structures and shafts housing and enclosing any of them; and (iii) all Landlord owned or controlled telecommunications facilities, installations and equipment.
- (h) **"Business Day"** means a day that is not a Saturday, Sunday or a holiday in the province where the Land is situated.
- (i) **"Capital Tax"** means an amount allocated by the Landlord to the Building in respect of taxes, rates, duties and assessments presently or hereafter levied, rated, charged or assessed from time to time upon the Landlord and payable by the Landlord (or any corporation acting on behalf of the Landlord) on account of the capital that the Landlord has invested in the Building. Capital Tax shall be allocated:
- (i) as if the amount of such tax were that amount due if the Building were the only property of the Landlord; and
 - (ii) on the basis of the Landlord's determination of the amount of capital attributable to the Building.

Capital Tax also means the amount of any capital, sales or place of business tax levies by any governmental or other applicable taxing authority against the Landlord with respect to the Building whether known as Capital Tax or by any other name.

- (j) **"Change of Control"** means, in the case of any corporation or partnership, the transfer or issue by sale, assignment, subscription, transmission on death, mortgage, charge, security interest, operation of law or otherwise, of any shares, voting rights or interest which would result in any change in the effective control of such corporation or partnership, unless such change occurs as a result of trading in the shares of a public corporation listed on a recognized stock exchange in Canada or the United States.

- (k) **"Commencement Date"** means the date set out in Section 1.1(e)(i);
- (l) **"Common Areas"** means those areas, facilities, improvements, installations and equipment (collectively, the **"Facilities"**) in or around or adjacent to the Building and the Land existing from time to time that: (i) are neither rented nor designated nor intended by the Landlord to be rented; and (ii) are provided or designated from time to time by the Landlord for use in common by the Landlord, the Tenant, other tenants of the Building or their subtenants, agents, employees, customers, invitees or licensees, whether or not those areas are open to the general public or to all the tenants of the Building including, without limitation, the Facilities consisting of (without limitation) building mechanical systems, entrances, lobbies, access and service corridors, stairways, indoor and outdoor walkways (both open and enclosed), malls, courts and arcades (both open and enclosed), public seating areas and facilities, public washrooms, indoor and outdoor landscaping and landscaped areas, passageways or tunnels leading to any public walkway or other facilities or to other buildings or concourses, mailrooms, electrical, telephone, meter, valve, mechanical, storage and janitor rooms, shipping and receiving areas and loading docks, package or passenger pick-up areas, waste disposal or recycling facilities, driveways, laneways and ramps and sidewalks, parks and other municipal facilities for which the Landlord directly or indirectly is subject to obligations in its capacity as owner of the Building or an interest in it, and any of the foregoing Facilities that are shared with any other building as determined by the Landlord in its sole discretion, all as may be designated by the Landlord from time to time and as may be altered, expanded, reduced, reconstructed or relocated from time to time.
- (m) **"Development"** means the Land and the Building.
- (n) **"Early Termination"** has the meaning given in Section 12.3(d)
- (o) **"Environmental Claim"** means all claims, losses, costs, expenses, fines, penalties, payments and/or damages (including, without limitation, all solicitors' fees on a solicitor and client basis) relating to, arising out of, resulting from or in any way connected with the presence of any Hazardous Substance at the Premises or the Development, including, without limitation, all costs and expenses of any investigation, remediation, restoration or monitoring of the Premises, the Land or Building and/or any property adjoining or in the vicinity of the Development required or mandated by Environmental Law.
- (p) **"Environmental Law"** means any law, bylaw, order, ordinance, ruling, regulation, certificate, approval, policy, guideline, consent or directive of any applicable federal, provincial or municipal government, governmental department, agency or regulatory authority or any Court of competent jurisdiction, as well as any common law obligations or requirements, relating to environmental or health and safety matters and/or regulating the generation, import, storage, distribution, labelling, sale, use, handling, transport or disposal of any Hazardous Substance which may be in force from time to time.
- (q) **"Events of Default"** has the meaning given in Section 20.3.

- (r) **"Expert"** includes the Architect and also means any engineer, land surveyor or other professional consultant appointed by the Landlord who, has the necessary qualifications to perform the function for which he or she is retained.
- (s) **"Expiry Date"** means the date defined or determined in Section 1.1(e)(ii).
- (t) **"First Extension Period"** has the meaning set forth in Schedule F.
- (u) **"Fiscal Year"** means a twelve month period (all or part of which falls within the Term) from time to time determined by the Landlord, at the end of which the Landlord's books in respect of the Development are balanced for auditing and/or taxation purposes.
- (v) **"Gross Revenue"** means the total of the selling prices of goods sold or services performed in or from the Premises.
- (w) **"GST"** means the goods and services tax payable under the *Excise Tax Act* (Canada).
- (x) **"Hazardous Substance"** means:
 - (i) any material or substance declared or deemed to be hazardous, deleterious, caustic, dangerous, a dangerous good, toxic, a contaminant, a waste, a source of a contaminant, a pollutant or toxic under any Environmental Law and includes, without limitation, polychlorinated biphenyl and urea-formaldehyde;
 - (ii) any solid, liquid, gas or odour or combination of any of them that, if emitted into the air, would create or contribute to the creation of a condition of the air that:
 - (A) endangers the health, safety or welfare of Persons or the health of animal life;
 - (B) interferes with normal enjoyment of life or property; or
 - (C) causes damage to plant life or to property; and
 - (iii) any substance which is hazardous to the environment, including Persons or property and includes, without limiting the generality of the foregoing, the following:
 - (A) radioactive materials;
 - (B) explosives; or
 - (C) any substance that, if added to any water, would degrade or alter or form part of a process of degradation or alteration of the quality of that water to the extent that it is detrimental to its use by man or by any animal, fish or plant.
- (y) **"Intellectual Property"** has the meaning given in Section 22.19.

- (z) **"Land"** means those lands located in the City of Calgary, in the Province of Alberta, and having a legal description as set out in Schedule B (or for such part as may be designated by the Landlord from time to time) as altered, expanded or reduced from time to time.
- (aa) **"Landlord"** means the party named as the landlord in Section 1.1(a)(i) and includes the landlord's successors and assigns.
- (bb) **"Landlord's Work"** is defined and described in Schedule E.
- (cc) **"Lease"** means this lease, any schedules and riders attached hereto, and every properly executed instrument which by its terms amends, modifies or supplements this Lease.
- (dd) **"Lease Outline"** has the meaning given in Schedule E.
- (ee) **"Lease Year"** means: (i) in the case of the first Lease Year, the period beginning on the Commencement Date and ending on the last day of the 12th consecutive full month after the expiry of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Lease Year shall end on the day prior to the first anniversary of the Commencement Date) and; (ii) in the case of each subsequent Lease Year, consecutive twelve (12) month periods, provided that the final Lease Year shall end on the Expiry Date.
- (ff) **"Leasehold Improvements"** has the meaning given in Schedule D.
- (gg) **"Mortgage"** means any mortgage, charge or security instrument (including a deed of trust or mortgage securing bonds) and all extensions, renewals, modifications, consolidations and replacements of any such item which may now or hereafter affect the Development or any part of it.
- (hh) **"Mortgagee"** means a lender under a Mortgage.
- (ii) **"Normal Business Hours"** means the business hours set by the Landlord for the Development from time to time.
- (jj) **"Occupancy Costs"** means the Tenant's Pro-rata Share of the amount of Operating Expenses, calculated annually.
- (kk) **"Operating Expenses"** means without duplication, any amounts paid or payable whether by the Landlord or by others on behalf of the Landlord, for the operation, maintenance, repair, replacements to, supervision, administration and management of the Development or allocated by the Landlord to the Development, for services provided generally to tenants including, without limitation:
 - (l) all costs of insurance which the Landlord is obligated or permitted to obtain under this Lease;
 - (ii) all costs of security, janitorial, landscaping, window cleaning, garbage removal, and snow removal services;

Initial	
TD	[Signature]

- (iii) all costs of heating, ventilating and air conditioning of the Development;
- (iv) all costs of fuel, steam, water, electricity, telephone and other utilities used strictly in the maintenance, operation or administration of the Development, including charges and imposts related to such utilities to the extent that such costs and charges are not recovered directly from other tenants;
- (v) salaries, wages and other amounts paid or payable for all personnel employed strictly and specifically in the repair, maintenance, operation, security, supervision or cleaning of the Development, including fringe benefits, unemployment and workers' compensation insurance premiums, pension plan contributions and other employment costs;
- (vi) administration, accounting, auditing, legal and other professional and consulting fees and disbursements specific to the Development;
- (vii) all costs of operating, repairing and maintaining the Development and of repairing all equipment thereon or therein, including equipment installed by the Landlord in order to comply with laws or regulations affecting the Development and any improvement located thereon;
- (viii) all costs incurred by the Landlord in providing and installing energy conservation equipment or systems and life safety systems, provided the installation of such systems are required to comply with applicable laws and regulations pertaining to the Development;
- (ix) all costs incurred by the Landlord to make alterations, replacements or additions to the Development intended to reduce Operating Expenses, improve the operation of the Development or maintain its operation as a first class property;
- (x) all costs incurred to replace systems, machinery or equipment which by its nature requires periodic replacement provided that such costs are fully chargeable in the fiscal period in which they are incurred in accordance with generally accepted accounting principles;
- (xi) all cost of leasing all necessary equipment, vehicles, supplies, tools, material and signs required strictly for maintenance or operations of the Development;
- (xiii) depreciation or amortization of the costs referred to in subparagraphs (viii), (ix) and (x) above as determined by the Landlord in accordance with generally accepted accounting principles, if such costs have not been charged fully in the fiscal period in which they are incurred;

Provided that Operating Expenses shall not include or will have deducted therefrom, as the case may be:

- (i) all amounts which would otherwise be included in Operating Expenses which are recovered by the Landlord from tenants of the Development as a result of any act, omission, default or negligence of such tenants;

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- (ii) all amounts which otherwise would be included in Additional Rent and Operating Expenses which are recovered from insurance proceeds; and
 - (iii) interest on debt and capital retirement of debt.
- (ll) **"Permitted Transferee"** means any entity which is an affiliate of the originally named Tenant but only for so long as it remains an affiliate of such original named Tenant.
- (mm) **"Person"** means any person, firm, partnership or corporation, or any group or combination of persons, firms, partnerships or corporations.
- (nn) **"Premises"** is defined in Section **Error! Reference source not found.**
- (oo) **"Prime Rate"** means the variable rate of interest (expressed as a rate per annum) established by a Canadian chartered bank designated by the Landlord from time to time as the reference rate of interest which such bank employs in order to determine the interest rate it will charge for demand loans in Canadian dollars to its customers in Canada and which it designates as its prime rate.
- (pp) **"Purchaser"** has the meaning given in Section 18.4.
- (qq) **"Real Estate Taxes"** means:
- (i) any form of assessment (including any "special" assessment), property tax, license fee, license tax, business license fee, business license tax, commercial rental tax, levy, charge, penalty or tax, imposed by any authority having the direct power to tax, including any city, county, provincial or federal government, or any school, agricultural, lighting, water drainage or other improvement or special district thereof, against the Premises, Building, Lands or the Development or any legal or equitable interest of the Landlord therein;
 - (ii) any tax on Landlord's right to rent the Premises or against Landlord's business of leasing the Premises;
 - (iii) any assessment, tax, fee, levy or charge in substitution, partially or totally, of or in addition to any assessment, tax, fee, levy or charge previously included within the definition of Real Estate Taxes which may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services provided to property owners or occupants;
 - (iv) all business taxes and other taxes, if any, from time to time payable by Landlord with respect to the Common Areas;
 - (v) Capital Tax as it related to or is attributed by Landlord to the Building;
 - (vi) any business transfer tax; and
 - (vii) any goods and services tax and other taxes payable pursuant to Article 9.3 of this Lease; and all taxes or business taxes, if any, not recovered, or

which in Landlord's opinion are not recoverable, from tenants of the Building.

It is the intention of the Landlord and Tenant that all new assessments, taxes, fees, levies and charges be included within the definition of Real Estate Taxes for purposes of this Lease. The following shall also be included within the definition of Real Estate Taxes for purposes of this Lease, provided, however, that Tenant shall pay Landlord the entire amount thereof:

- (i) any tax allocable to or measured by the area of the Premises or the rental payable hereunder, including without limitation, any gross income, privilege, sales or excise tax levied by any municipal or provincial or federal government, with respect to the receipt of such rental, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof;
 - (ii) any tax upon this transaction or any document to which Tenant is a party, creating or transferring an interest of an estate in the Premises; and
 - (iii) all costs incurred by the Landlord contesting or appealing the Real Estate Taxes (including, without limitation, legal appraisal and other professional fees and costs of the administration and overhead costs). "**Real Estate Taxes**" shall not include the Landlord's income, franchise, inheritance or estate taxes.
- (rr) "**Released Persons**" has the meaning given in Section 22.17.
- (ss) "**Rent**" means the aggregate of all amounts payable by the Tenant to the Landlord under this Lease.
- (tt) "**Rentable Area**" of the Premises, the Building or any portion thereof means such area measured in accordance with the BOMA Standard.
- (uu) "**Required Conditions**" means that:
- (i) the Tenant is the originally named Tenant, or a Permitted Transferee and in either case has not undergone a Change of Control and is itself in occupation of and carrying on business from the whole of the Premises; and
 - (ii) the Tenant has paid all Rent when due and there have not been the occurrence of three (3) or more Events of Default and there is not then an existing Event of Default that remains unremedied beyond the applicable curative period other than an Event of Default described in Section 20.3 which is by its nature incurable.
- (vv) "**Security Deposit**" has the meaning given in Section 5.7.
- (ww) "**Stipulated Rate**" means interest at a rate equal to the Prime Rate plus 3% per annum, calculated and compounded monthly.

- (xx) **"Structural Elements"** means those parts of the Building consisting of the footings and foundations, structural columns and beams, structural subfloors, bearing walls, curtain walls, roofs, the component parts of such structural elements and any other item generally determined by an Expert to be a Structural Element.
- (yy) **"Taxes"** and means all taxes, rates, duties, levies and assessments whatsoever, whether municipal, provincial, federal or otherwise levied, imposed or assessed against the Development, the Building, the Land and the Leasehold Improvements or any of them, or upon the Landlord in respect thereof from time to time levied, imposed or assessed for education, schools and local improvements and including all costs and expenses (including legal and other professional fees and interest and penalties on deferred payments) incurred by the Landlord in good faith in contesting, resisting or appealing any taxes, rates, duties, levies or assessments, but excluding taxes and license fees in respect of any business carried on by tenants and occupants of the Development (excluding the Landlord) and income or profits taxes upon the income of the Landlord to the extent such taxes are not levied in lieu of taxes, rates, duties, levies and assessments against the Building, Development or Leasehold Improvements or upon the Landlord in respect thereof and shall also include any and all taxes which may in the future be levied in lieu of taxes as hereinbefore defined.
- (zz) **"Tenant"** means the party named as the tenant in Section 1.1(b)(i) and includes the Tenant's successors and permitted assigns.
- (aaa) **"Tenant's Claims"** has the meaning given in Section 11.3.
- (bbb) **"Tenant's Plans and Specifications"** has the meaning given in Schedule E.
- (ccc) **"Tenant's Pro-rata Share"** shall be a fraction, equal to the total Tenant's Rentable Area, divided by the total Rentable Area in the Building.
- (ddd) **"Tenant's Work"** is described in Schedule E.
- (eee) **"Term"** means the period of time set out in Section 4.1.
- (fff) **"Transfer"** means all or any of the following, whether by conveyance, written agreement or otherwise: (i) an assignment of this Lease in whole or in part; (ii) a sublease of all or any part of the Premises; (iii) the sharing or transfer of any right of use or occupancy of all or any part of the Premises; (iv) any mortgage, charge or encumbrance of this Lease or the Premises or any part of the Premises or other arrangement under which either this Lease or the Premises become security for any indebtedness or other obligation; and (v) a Change of Control, and includes any transaction or occurrence whatsoever (including, but not limited to, expropriation, receivership proceedings, seizure by legal process and transfer by operation of law), which has changed or might change the identity of the Person having use or occupancy of any part of the Premises.
- (ggg) **"Transferee"** means the Person to whom a Transfer is or is to be made.

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**ARTICLE 3
GRANT OF LEASE**

3.1 Grant

In consideration of the Rent, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord hereby demises and leases the Premises to the Tenant, and the Tenant hereby leases and accepts the Premises from the Landlord, to have and to hold during the Term, subject to the terms and conditions of this Lease. The Landlord grants to the Tenant a non-exclusive licence throughout the Term to the benefit or use (as may be appropriate) of those Common Areas which provide access to the Premises or which are generally made available to all tenants in the Building, in common with other tenants of the Building and with all others entitled thereto, subject to the terms and conditions of this Lease.

3.2 Quiet Enjoyment

The Landlord covenants to provide the Tenant with quiet enjoyment and possession of the Premises during the Term, subject to the terms and conditions of this Lease.

3.3 Covenants of the Landlord and the Tenant

The Landlord covenants to observe and perform all of the terms and conditions to be observed and performed by the Landlord under this Lease. The Tenant covenants to pay the Rent when due under this Lease, and to observe and perform all of the terms and conditions to be observed and performed by the Tenant under this Lease.

**ARTICLE 4
TERM AND POSSESSION**

4.1 Term

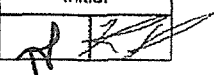
Notwithstanding Sections 4.2 and 4.3, the Term of this Lease shall be for the period of time described in Section 1.1(d) beginning on the Commencement Date and ending on the Expiry Date unless terminated earlier as provided in this Lease. If the Commencement Date is not a fixed date under this Lease but is to be determined by the occurrence of subsequent events, the Tenant agrees to execute a certificate confirming the Commencement Date.

4.2 Early Occupancy

The Tenant shall not be permitted by the Landlord to occupy the Premises prior to the Commencement Date.

4.3 Delayed Possession

If the Landlord is delayed in delivering possession of all or any portion of the Premises to the Tenant on the Commencement Date, then unless such delay is principally caused by or attributable to the Tenant, its servants, agents or independent contractors, then the date on which the Premises are to be made available to the Tenant, the Commencement Date and the obligation of the Tenant to pay Basic Rent shall be postponed for a period equal to the duration of the delay. This Lease shall not be void or voidable nor shall the Landlord be liable to the Tenant for any loss or damage resulting from any delay in delivering possession of the Premises to the Tenant, and

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the deferment of the obligation of the Tenant to pay Basic Rent shall be accepted by the Tenant as full compensation for any such delay.

4.4 Landlord's Work

The Tenant hereby acknowledges that it accepts the Premises and the Building in an "as-is" condition as of the date possession of the Premises is granted to the Tenant by the Landlord. If Schedule E specifically requires that certain items of work be performed by the Landlord, the Landlord's Work shall be completed in a good and workmanlike manner and in accordance with applicable laws and shall consist only of the items of work described under the heading "Landlord's Work" in Schedule E. All other Leasehold Improvements which do not comprise the Landlord's Work that are to be made to the Premises shall be the Tenant's Work and shall be done at the Tenant's cost in accordance with the terms of this Lease.

4.5 Tenant's Work

The Tenant's Work is described in Schedule E. The Tenant shall complete all Tenant's Work in a good and workmanlike manner to the Landlord's satisfaction and in accordance with applicable laws and in accordance with the plans, drawings and specifications approved by the Landlord and in accordance with the terms of this Lease, including without limitation, Schedule E. Any Tenant's Work shall be performed during the term of the Lease. There is no fixturing period.

4.6 Acceptance of Premises

Taking possession of all or any portion of the Premises by the Tenant shall be conclusive evidence as against the Tenant that the Premises or such portion thereof are in satisfactory condition on the date of taking possession, subject only to latent defects and to deficiencies (if any) listed in writing in a notice delivered by the Tenant to the Landlord within seven (7) days after the later of the date of taking possession or the Commencement Date.

4.7 Renewal Terms

The Term may be renewed for one (1) period of five (5) years in accordance with the terms and conditions set forth in Schedule F.

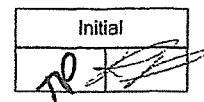
ARTICLE 5 RENT AND OCCUPANCY COSTS

5.1 Basic Rent

The Tenant shall pay to the Landlord as Basic Rent from and after the Commencement Date and throughout the Term in the amount per square foot of Rentable Area of the Premises set forth in Section 1.1(g), payable in equal monthly instalments in advance on the 1st day of each month during the Term.

5.2 Additional Rent

The Lease shall be fully net to the Landlord. In addition to the payment of premises realty taxes, Tenant business taxes, common utility and HVAC charges including depreciation on all capital items which by their very nature require periodic replacement such as by way of example only, the HVAC system and road replacement, or resurfacing, and all other taxes, costs or charges applicable to Tenant's occupation of the Premises, the Tenant shall pay its proportionate share of



Landlord's costs and expenses attributable to the ownership, administration, operation (including fair market rent attributable to utility rooms and service rooms), management, maintenance, improvement, insuring, cleaning, supervisions, rebuilding, replacement and repair of the Development (including an administration fee equal to five (5%) percent of the aggregate amount of all Basic and Additional Rent Payable by the Tenant to the Landlord). The Landlord may allocate a portion of Landlord's costs and expenses to the Tenant based on either proportionate share or based upon an alternative method of calculation which the Landlord, acting reasonably, deems appropriate. For greater certainty, Additional Rent:

- (a) is payable in Canadian funds without deduction, abatement, set-off or compensation;
- (b) is payable (except when this Lease states that it is payable on demand) together with the monthly instalments of Basic Rent after the Additional Rent begins to accrue; and
- (c) accrues daily.

5.3 Occupancy Costs

In addition to Basic Rent and Additional Rent, the Tenant shall pay to the Landlord the Occupancy Costs.

5.4 Payment of Rent - General

All amounts payable by the Tenant to the Landlord under this Lease shall be deemed to be Rent and shall be payable and recoverable as Rent in the manner herein provided, and the Landlord shall have all rights against the Tenant for default in any such payment as in the case of arrears of Rent. Rent shall be paid to the Landlord, without deduction or set off, in legal tender of the jurisdiction in which the Development is located, at the address of the Landlord as set forth in this Lease, or to such other Person or at such other address as the Landlord may from time to time designate in writing. The Tenant's obligation to pay Rent shall survive the expiration or earlier termination of this Lease.

5.5 Partial Month's Rent

If the Commencement Date is a day other than the first day of a calendar month, the instalment of Rent payable on the Commencement Date shall be that proportion of Rent which the number of days from the Commencement Date to the last day of the month in which the Commencement Date falls bears to 365. If the Term ends on a day other than the last day of a calendar month, the instalment of Rent payable on the first day of the last calendar month of the Term shall be that proportion of Rent which the number of days from the first day of such last calendar month to the last day of the Term bears to 365.

5.6 Payment - Occupancy Costs

- (a) The Landlord may, from time to time during the Term of the Lease, compute and deliver to the Tenant a bona fide estimate in writing of the Occupancy Costs for the following Fiscal Year or portion thereof, if applicable. Without further notice or demand, the Tenant shall pay to the Landlord the amount of the Occupancy Costs in equal monthly instalments, in advance, over the Fiscal Year or portion thereof, simultaneously with the Tenant's payments on account of Basic Rent and

Additional Rent. From time to time the Landlord may re-estimate, on a reasonable basis, the amount of such Occupancy Costs for any fiscal period in which case the Landlord shall give notice to the Tenant of such re-estimate and fix new equal monthly instalments for the remaining balance of such fiscal period so that, after giving credit for the instalments paid by the Tenant on the basis of the previous estimate or estimates, all the Occupancy Costs as estimated or re-estimated will have been paid during such fiscal period.

- (b) The Landlord may, upon written request of the Tenant, as soon as practicable following such written request, provide a written statement, setting out in reasonable detail the amount of Occupancy Costs for such Fiscal Year.
- (c) Neither the Landlord nor the Tenant may claim a re-adjustment in respect of Occupancy Costs for a Fiscal Year for any error of computation or allocation unless notice is delivered to the other party within 6 months after the date of delivery of the statement.

5.7 Security Deposit

The Landlord acknowledges that the Security Deposit in the amount described in Section 1.1(h) (the "Security Deposit") has been paid by the Tenant and may be applied by the Landlord against costs incurred by the Landlord which are the Tenant's responsibility under this Lease and to remedy the faithful performance by the Tenant of its obligations under this Lease. The Tenant hereby charges, pledges and assigns to the Landlord the Security Deposit. The Landlord shall not be obliged to pay the Tenant any interest on the Security Deposit. The Landlord may commingle the Security Deposit with its own funds and shall not hold the Security Deposit as trustee. Any portion of the Security Deposit may be applied towards the payment of overdue or unpaid Rent and may also be applied as compensation to the Landlord for any loss or damage sustained by the Landlord as a result of the breach or non-observance by the Tenant of any of its obligations under the Lease, provided that in all cases the Landlord's other rights and remedies both in law and under the Lease are reserved, and the Tenant's liability hereunder is not limited to the amount of the Security Deposit. If during the Term any portion of the Security Deposit is so applied, then the Tenant shall, forthwith upon written demand by the Landlord, deliver to the Landlord within two (2) Business Days of such demand the amount in the form of a bank draft or by certified cheque payable to the Landlord sufficient to restore the Security Deposit to its original amount. Provided there is no existing Event of Default, the Landlord shall refund to the Tenant within thirty (30) days after the Expiry Date any portion of the Security Deposit remaining. If the Landlord sells the Landlord's interest in the Building or the Lands and transfers the Security Deposit to the purchaser, then the Landlord shall be discharged from all liability to the Tenant with respect to the Security Deposit.

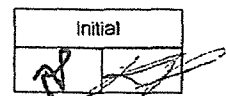
5.8 Prepaid Rent

The Landlord acknowledges that the Prepaid Rent in the amount described in Section 1.1(i) has been paid by the Tenant and will be applied by the Landlord against the first Rent due becoming due by the Tenant under this Lease.

5.9 Net Lease

Except as expressly set out herein:

- (a) it is intended that this Lease is a completely carefree net lease for the Landlord;



- (b) the Landlord is not responsible for any costs, charges, expenses or outlays of any kind arising from or relating to the Development (including the Premises) or to the use or occupancy of the Premises; and
- (c) the Tenant will be liable for and pay all costs, charges, expenses and impositions of every kind arising from or relating to the Premises and to their use, occupancy and contents and as provided in this Lease, its share of all costs, charges, expenses and impositions of every kind arising from or relating to the Development.

5.10 Promotion Charges

The Tenant agrees to pay their proportionate share of promoting the Development.

5.11 Pre-authorized Debit

The Tenant shall make payments of Rent for such period as the Landlord may request by way of a pre-authorized debit payment system. The Tenant shall pay all service fees and other charges in connection with the pre-authorized debit contemplated by this section including any charges or fees resulting from insufficient funds in the Tenant's account and a late charge and administration fee of two hundred (\$200.00) dollars. If the Tenant changes its financial institution upon which such pre-authorized debits are drawn, the Tenant shall send a notice to the Landlord at least 30 days prior to the date such change is to take place and provide the Landlord with new pre-authorized debit authorization on the Tenant's new financial institution. The Tenant acknowledges and agrees that the Tenant shall remain responsible for all payments of Rent even if the Tenant's bank account is incorrectly debited or not debited for any reason whatsoever including an error by the Tenant's financial institution.

**ARTICLE 6
USE OF PREMISES**

6.1 Use

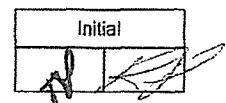
The Premises shall be used by the Tenant continuously and occupied as a retail furniture and accessories store and showroom under the Tenant's trade name, and for no other purpose or for such other purposes as the Landlord may specifically authorize in writing.

6.2 Compliance with Laws

The Premises shall be used and occupied in a safe, careful and proper manner so as not to contravene any present or future governmental or quasi governmental laws in force or regulations or orders. If due solely to the Tenant's use of the Premises, improvements are necessary to comply with any of the foregoing or additional insurance coverage is required by the Landlord, acting reasonably, or the Mortgagee, the Tenant shall pay the entire cost thereof.

6.3 Abandonment

The Tenant shall not vacate or abandon the Premises at any time during the Term without the Landlord's written consent.



6.4 Nuisance

The Tenant shall not cause or maintain any nuisance in or about the Premises, and shall keep the Premises free of debris, rodents, vermin and anything of a dangerous, noxious or offensive nature or which could create a fire hazard (through undue load on electrical circuits or otherwise) or undue vibration, heat or noise, provided that, notwithstanding anything else contained in this Lease, any nuisance which could reasonably be expected to result from the Tenant's use of the Premises as described in Section 6.1, shall be expressly permitted by the Landlord.

**ARTICLE 7
SERVICES, MAINTENANCE, REPAIR AND ALTERATIONS BY LANDLORD**

7.1 Control of the Development by Landlord

The Landlord has at all times exclusive control of the Development and its management and operation. Without limiting the generality of the foregoing, at any time and from time to time, the Landlord may:

- (a) make repairs, replacements, changes or additions to the Structural Elements, Building Systems, and other systems, facilities and equipment in the Building (including the Premises) where necessary to serve the Premises or other parts of the Building;
- (b) make changes or additions to any part of the Building not in or forming part of the Premises including, without limitation, dedicating or conveying portions of the Land, granting easements, rights-of-way, restrictive covenants or other interests in the Land and constructing additional improvements in or adjoining the Land;
- (c) terminate or amend the Tenant's right of use of any of the Common Areas, change the location and size of any of the Common Areas or use parts of the Common Areas for promotional or other activities;
- (d) retain contractors and employ all personnel, including supervisory personnel and managers, that the Landlord considers necessary for the effective maintenance, repair, operation, management and control of the Building;
- (e) prescribe the times, the area, means and designated routes through the Common Areas for the delivery and shipping of merchandise, supplies, fixtures, and other materials or goods of whatsoever nature to or from the Premises and all loading, unloading, and handling thereof; and
- (f) do and perform such other acts in and to the Building or any of its component parts as the Landlord considers reasonable for the proper and efficient maintenance, repair, operation, management and control of the Building.

Notwithstanding anything else to the contrary in this Lease or at law, in the course of the Landlord's exercise of its rights hereunder, the Landlord shall be deemed not to have re-entered the Premises nor to have breached any obligation of this Lease nor have any liability to the Tenant and the Tenant shall not be entitled to any compensation or a reduction or abatement of Rent provided the Tenant and its customers have unimpeded access to and from the Premises and the Tenant continues to have quiet enjoyment thereof. The Landlord shall perform all of its work as

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expeditiously as is reasonably possible so as to interfere as little as is reasonably possible with the Tenant's use of the Premises.

7.2 Operation of Building

During the Term the Landlord shall operate and maintain the Building in accordance with standards from time to time prevailing for shopping centres of a similar age and quality in the area in which the Building is located and the Landlord shall provide the services set out in Sections 7.3 and 7.4.

7.3 Services to Premises

The Landlord shall arrange for the provision of:

- (a) heat, ventilation and air conditioning (included in building standard) as required for the comfortable use and occupancy of the Premises;
- (b) electric power for normal lighting and small business office equipment (but not equipment using amounts of power disproportionate to that used by other tenants in the Building);
- (c) replacement of building standard fluorescent tubes, light bulbs and ballasts as required from time to time at the Tenant's sole cost as a result of normal usage; and
- (d) maintenance, repair, and replacement as set out in Section 7.5.

For clarification, the Tenant shall be responsible for cleaning the Premises.

7.4 Building Services

The Landlord shall provide in the Building:

- (a) domestic hot and cold (or temperate) running water and necessary supplies in washrooms sufficient for the normal use thereof by occupants in the Building;
- (b) heat, ventilation, air conditioning, lighting, electric power, domestic hot and cold (or temperate) running water, and janitor service in the Common Areas;
- (c) a general directory board on which the Tenant shall be entitled to have its name shown, but the Landlord shall have exclusive control thereof and of the area thereon to be allocated to each tenant; and
- (d) maintenance, repair, and replacement as set out in Section 7.5.

7.5 Maintenance, Repair and Replacement

The Landlord shall operate, maintain, repair and replace the systems, facilities and equipment necessary for the proper operation of the Building and for provision of the Landlord's services under Sections 7.3 and 7.4 (except such as may be installed by or be the property of the Tenant), and shall be responsible for and shall expeditiously maintain and repair the foundations, structure and roof of the Building provided that:

- (a) if all or part of such systems, facilities and equipment are destroyed, damaged or impaired, the Landlord shall have a reasonable time in which to complete the necessary repair or replacement, and during that time shall be required only to maintain such services as are reasonably possible in the circumstances;
- (b) the Landlord may temporarily discontinue such services or any of them at such times as may be necessary due to causes beyond the reasonable control of the Landlord;
- (c) the Landlord shall use reasonable diligence in carrying out its obligations under this Section 7.5, but shall not be liable under any circumstances for any consequential damage to any Person or property for any failure to do so;
- (d) no reduction or discontinuance of such services under this Section 7.5(a) or (b) shall be construed as an eviction of the Tenant or (except as specifically provided in this Lease) release the Tenant from any obligation of the Tenant under this Lease; and
- (e) nothing contained herein shall derogate from the provisions of Article 17.

7.6 Additional Services

- (a) The Tenant shall pay to the Landlord the costs of the following services, which may be provided by the Landlord to the Tenant (plus an administrative charge of 10% of such costs), at the Tenant's request or otherwise:
 - (i) the provision of processed air, electricity and other utilities and services of a special nature;
 - (ii) replacement of non-standard electric light fixtures, ballasts, tubes, starters, lamps, light bulbs and controls;
 - (iii) special janitorial or cleaning services; and
 - (iv) construction of any Leasehold Improvements or other work performed at the request of or on behalf of the Tenant.

The Tenant shall pay for such services within ten (10) days of receipt of an invoice for any such service.

- (b) The Tenant shall not, without the Landlord's written consent, install in the Premises equipment (including telephone equipment) which generates sufficient heat to affect the temperature otherwise maintained in the Premises by the air conditioning system as normally operated. The Landlord may install supplementary air conditioning units, facilities or services in the Premises, or modify its air conditioning system, as may in the Landlord's reasonable opinion be required to maintain proper temperature levels and the Tenant shall pay the Landlord within ten (10) days of receipt of any invoice for the cost thereof, including installation, operation and maintenance expense.
- (c) If the Landlord determines that the use by the Tenant of electricity or any other utility or service in the Premises is disproportionate to the use thereof by other

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tenants, the Landlord may separately charge the Tenant for the excess costs attributable to such disproportionate use. The Landlord may install and maintain at the Landlord's expense, metering devices for checking the use of any such utility or service in the Premises. The Tenant shall not be permitted to engage any Person to provide any utility service to the Premises.

7.7 Alterations by the Landlord

The Landlord may from time to time:

- (a) make repairs, replacements, changes or additions to the structure, systems, facilities and equipment in the Premises where necessary to serve the Premises or other parts of the Building;
- (b) make changes in or additions to any part of the Building not in or forming part of the Premises;
- (c) change or alter the location of Common Areas; and
- (d) may change do and perform such other acts and things with respect thereto and Landlord determines to be advisable.

Provided that in doing so the Landlord shall not disturb or interfere with the Tenant's use of the Premises and operation of its business any more than is reasonably necessary in the circumstances and shall repair any damage to the Premises caused thereby. Tenant acknowledges that the depiction of the Development on Schedule A does not constitute a representation covenant or warranty of any kind by Landlord and Landlord reserves the right to change the size and dimensions of the Building, the number and locations of buildings in the Development, the size, location and layout of Common Areas including parking areas and to change the Premises dimensions, identities, types and tenancies.

7.8 Access by the Landlord

The Tenant hereby permits the Landlord, in case of an emergency, to enter the Premises at any time outside of Normal Business Hours and during Normal Business Hours. Where no emergency exists, upon twenty four (24) hour notice to the Tenant, the Landlord may enter the Premises, provided such entry will not unreasonably disturb or interfere with the Tenant's use of the Premises and operation of its business, in order to examine, inspect, provide services or make repairs, replacements, changes or alterations as set out in this Lease, and to take such steps, as the Landlord may deem necessary for the safety, improvement or preservation of the Premises or the Development. During the final six (6) months of the Term, the Landlord may, upon reasonable notice to the Tenant, show the Premises to Persons wishing to lease them. No such entry shall constitute an eviction or entitle the Tenant to any abatement of Rent.

7.9 Energy Conservation and Security Policies

The Landlord shall be deemed to have observed and performed those things required to be observed and performed pursuant to the terms of this Lease, including those relating to the provision of utilities and services, if in doing so it acts in accordance with a directive, policy or request of a governmental or quasi governmental authority serving the public interest in the field of energy conservation or security.

7.10 Telecommunications [Intentionally Removed]

7.11 Redevelopment

- (a) The Landlord may construct additional improvements or renovate existing improvements on the Land or on any adjacent land, may renovate the Building and may add storeys to the Building. Neither the construction, renovation or demolition by the Landlord or any other Person of any improvement on either the Land or any land adjacent thereto or within the Building, nor the noise, dust, vibration or other inconvenience or the reduction of light, air or view occasioned by such construction, renovation or demolition shall affect the obligations of the Tenant or result in any liability of the Landlord, provided that Tenant shall continue to have quiet enjoyment of the Premises with unimpeded access thereto.

ARTICLE 8

MAINTENANCE, REPAIR, ALTERATIONS AND IMPROVEMENTS BY TENANTS

8.1 Condition of Premises

Except to the extent that the Landlord is specifically responsible therefor under this Lease, the Tenant shall maintain the Premises and all improvements therein in good order and condition, including:

- (a) repainting and redecorating the Premises and cleaning drapes and carpets at reasonable intervals as needed;
- (b) making repairs, replacements and alterations as needed, including those necessary to comply with the requirements of any governmental or quasi governmental authority having jurisdiction, reasonable wear and tear and damage by fire, lightning and tempest only excepted; and
- (c) leaving the Premises in a clean and reasonably tidy condition at the end of each Business Day.

8.2 Failure to Maintain Premises

If the Tenant fails to perform any obligation under Section 8.1, then on not less than 10 days' notice to the Tenant, the Landlord may enter the Premises and perform such obligation without liability to the Tenant for any loss or damage to the Tenant thereby incurred and the Tenant shall pay the Landlord for the cost thereof, plus fifteen (15%) percent of such cost for overhead and supervision, within 10 days of receipt of the Landlord's invoice therefor.

8.3 Alterations by the Tenant

- (a) The Tenant may from time to time at its own expense make changes, additions and improvements in the Premises to better adapt the same to its business, provided that any such change, addition or improvement shall:
 - (i) comply with the requirements of the Landlord's insurer and any governmental or quasi governmental authority having jurisdiction;
 - (ii) comply with the requirements set forth in Schedule D;

- (iii) be made only with the prior written consent of the Landlord after detailed plans and specifications therefor have been submitted to the Landlord;
- (iv) equal or exceed the then current standard for the Building;
- (v) be carried out only by Persons selected by the Tenant and approved in writing by the Landlord. Such Persons shall be compatible with others employed by or through the Landlord directly or indirectly including the Landlord's other tenants, contractors and subcontractors and their trade union affiliations; and
- (vi) if required by the Landlord, deliver to the Landlord before commencement of the work performance and payment bonds as well as proof of workers' compensation and public liability and property damage insurance coverage, with the Landlord named as an additional insured, in amounts, with companies, and in form reasonably satisfactory to the Landlord, which shall remain in effect during the entire period in which the work will be carried out.

Any increase in property taxes or fire or casualty insurance premiums for the Development attributable to such change, addition or improvement shall be borne by the Tenant. In addition, the Tenant shall pay the Landlord fifteen (15%) percent of the cost of such work (or, if such cost is not ascertainable, the fair market value of such work) as a fee for the Landlord's supervision.

- (a) In the event any of the following work is required by the Tenant, it shall be carried out by the Landlord under written contract with the Tenant and at the Tenant's sole expense under contract to the Landlord only and by agreement in writing:
 - (i) all approved work relating to heating, cooling, ventilation, exhaust, control, electrical distribution and life safety systems;
 - (ii) patching of Building standard fireproofing;
 - (iii) any drilling, cutting, coring and patching for conduit, pipe sleeves, chases, duct equipment, or openings in the floors, walls, columns or roofs of the Building which is approved by the Landlord; and
 - (iv) installation of approved modifications to the sprinkler system.

8.4 Trade Fixtures and Personal Property

The Tenant may install in the Premises its usual trade fixtures and personal property in a proper manner, provided that no such installation shall interfere with or damage the mechanical or electrical systems or the structure of the Building.

8.5 Builder's Liens

The Tenant shall pay before delinquency all costs for work done or caused to be done by the Tenant in the Premises which could result in any lien or encumbrance being placed on the Landlord's interest in the Development or any part thereof, shall keep the title to the Development and every part thereof free and clear of any lien or encumbrance in respect of such work, and shall indemnify and hold harmless the Landlord against any claim, loss, cost, demand and legal



or other expense, whether in respect of any lien or otherwise, arising out of the supply of material, services or labour for such work. The Tenant shall immediately notify the Landlord of any such lien, claim of lien or other action of which it has or reasonably should have had knowledge of and which affects the title to the Development or any part thereof, and shall cause the same to be removed within five days (or such additional time as the Landlord may consent to in writing), failing which the Landlord may take such action as the Landlord deems necessary to remove the same and the entire cost thereof shall be immediately due and payable by the Tenant to the Landlord.

8.6 Signs

The Tenant shall have the right to place signage on the fascia of the Premises, subject to Landlord's approval of such signage, such approval which shall not be unreasonably withheld. All costs related to the design and installations of such signage shall be the expense of the Tenant.

The Tenant shall also have the option to occupy panels on an electrical advertising sign located on the Land for a reasonable charge to be levied by the Landlord.

8.7 Tenant's Business Hours

Except as otherwise specifically provided in this Lease or by written notice from the Landlord to the Tenant, Normal Business Hours for the Building shall be from 6:00 a.m. to 6:00 p.m. Monday through Friday excluding days which are not Business Days.

Notwithstanding the aforementioned, the Tenant shall be permitted to operate its business twenty four (24) hours per day, seven (7) days a week, so long as all access after Normal Business Hours, shall be through the exterior entrance to the Premises.

ARTICLE 9 TAXES

9.1 The Landlord's Real Estate Taxes

The Landlord shall pay before delinquency (subject to participation by the Tenant by payment of Occupancy Costs) the Real Estate Taxes and other charges (except for the Tenant's taxes under Sections 9.2 and 9.3), which is imposed, levied, assessed or charged by any governmental or quasi governmental authority having jurisdiction and which is payable upon or on account of the Development, during the Term.

9.2 The Tenant's Real Estate Taxes

The Tenant shall pay before delinquency every tax, assessment, license or privilege fee, excise, gross receipts or sales tax and other charge, however described, which is imposed, levied, assessed or charged by any governmental or quasi governmental authority having jurisdiction and which is payable in respect of the Term upon or on account of:

- (a) operations at, occupancy of, or conduct of business from the Premises by or with the permission of the Tenant;
- (b) fixtures or personal property in the Premises which do not belong to the Landlord; and

- (c) the Rent paid or payable or reserved by the Tenant to the Landlord for the Premises or for the use and occupancy of all or any part thereof,

provided that if the Landlord so elects by notice to the Tenant, the Tenant shall add any amounts payable under this Section 9.2 to the monthly instalments of Rent payable under Article 5 and the Landlord shall remit such amounts to the appropriate authorities.

9.3 Goods and Services Taxes

The Tenant specifically acknowledges and agrees that the Tenant shall pay to the Landlord any multi stage sales, sales, use, consumption, value added, GST or other similar taxes imposed by the Government of Canada, or by any provincial or local government upon the Landlord or the Tenant or in respect of this Lease, the payments made by the Tenant for the goods and services provided by the Landlord hereunder including, without limitation, the rental of the Premises or administrative services provided to the Tenant or to tenants generally.

9.4 Right to Contest

The Landlord and the Tenant shall each have the right to contest in good faith the validity or amount of any tax, assessment, license fee, excise fee and other charge which it is responsible to pay under this Article 9, provided that no contest by the Tenant may involve the possibility of forfeiture, sale or disturbance of the Landlord's interest in the Premises and that upon the final determination of any contest by the Tenant, the Tenant shall immediately pay and satisfy the amount found to be due, together with any costs, penalties and interest.

ARTICLE 10 INSURANCE

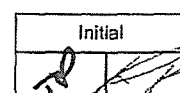
10.1 The Landlord's Insurance

During the Term, the Landlord shall take out and maintain (subject to participation by the Tenant by payment of Occupancy Costs) comprehensive general liability insurance, "All Risks" property insurance, comprehensive boiler and machinery insurance, and such other insurance on the Development as the Landlord shall deem necessary with coverage and in amounts not less than those which are from time to time acceptable to a prudent owner in the area in which the Development is located.

10.2 The Tenant's Insurance

During the Term, the Tenant shall take out and maintain at its own expense:

- (a) "All Risks" property insurance in amounts sufficient to fully cover the Tenant's improvements and all property in the Premises which is not owned by the Landlord on a full replacement cost basis;
- (b) comprehensive general liability insurance, with the Landlord, its manager and Mortgagee, if any, named as an additional insured, against claims for death, personal injury and property damage in or about the Premises, in amounts which are from time to time carried by a prudent tenant in the community in which the Development is located, but in any event not less than \$4,000,000 for death or injury to one Person, \$5,000,000 for death or injury to more than one Person, and \$1,000,000 for property damage, in respect of each occurrence;



- (c) the Tenant's legal liability insurance for the actual cash value of the Premises from any damage howsoever caused; and
- (d) any other form of insurance that the Tenant, or the Landlord, acting reasonably, requires in amounts and for insurance risks against which a prudent tenant would insure.

Policies for property and general liability insurance shall be in a form and with an insurer reasonably acceptable to the Landlord, shall require at least thirty days written notice to the Landlord of termination or material alteration of the policy during the Term and shall waive any right of subrogation against the Landlord, its manager and Mortgagee, and cause the Landlord, its manager and Mortgagee and any other party the Landlord so requests to be named as an insured in such policies of insurance. At the commencement of the Term of this Lease, and from time to time thereafter, if requested by the Landlord, the Tenant shall promptly deliver to the Landlord, certified copies or other evidence of such policies, and evidence satisfactory to the Landlord that all premiums thereon have been paid and the policies are in full force and effect.

10.3 Placement of the Tenant's Insurance by the Landlord

If the Tenant fails to take out, keep in force or provide written proof of insurance as required by Section 10.2 above, with regard to the policies of insurance required to be taken out and maintained by the Tenant under Section 10.2, the Landlord may do so as agent of the Tenant and the Tenant shall reimburse the Landlord any amount so paid by the Landlord as agent of the Tenant promptly upon demand by the Landlord.

ARTICLE 11 INJURY TO PERSON OR PROPERTY

11.1 Indemnity by the Tenant

The Tenant shall indemnify and hold harmless the Landlord from and against every demand, claim, cause of action, judgment and expense (including legal fees and disbursements on a solicitor and own client full indemnity basis), and all losses and damage arising from:

- (a) any injury or damage to the person or property of the Tenant, any other tenant in the Development or to any other Person rightfully in the Development, where the injury or damage is caused by negligence or misconduct of the Tenant, its agents, servants or employees, or of any other Person entering upon the Premises under express or implied invitation of the Tenant, or results from the violation of laws or ordinances, governmental orders of any kind or of the provisions of this Lease by any of the foregoing;
- (b) any loss or damage to books, records, files, money, securities, negotiable instruments or papers in or about the Premises, where the loss or damage is caused by any reason other than the misconduct of the Landlord, its agents, servants, or employees
- (c) any loss or damage resulting from interference with or obstruction of deliveries to or from the Premises, where the injury or damage is caused by any reason other than the misconduct of the Landlord, its agents, servants, or employees;

- (d) any injury or damage not specified above to the person or property of the Tenant, its agents, servants or employees, or any other Person entering upon the Premises under express or implied invitation of the Tenant, where the injury or damage is caused by any reason other than the negligence or misconduct of the Landlord, its agents, servants, or employees; and
- (e) the failure by the Tenant to perform its obligations under this Lease or any other agreement with the Landlord.

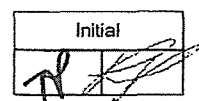
11.2 Subrogation

The provisions of this Article 11 are subject to the waiver of any right of subrogation against the Landlord in the Tenant's insurance.

11.3 Release of the Landlord

The Tenant hereby releases the Landlord from any and all claims, actions, causes of action, damages, demands for damages and other liabilities, howsoever arising (the "Tenant's Claims"), that may be made by the Tenant against the Landlord under the provisions of this Lease to the extent that the Tenant's Claims would be covered by the policies of insurance the Tenant is obliged to maintain under this Lease if the Tenant had maintained such policies. In addition and without limitation, the Tenant agrees that the Landlord, shall not be liable for and hereby releases the Landlord from:

- (a) any and all claims, actions, causes of action, damages, demands for damages and other liabilities:
 - (i) for or related to any bodily injury, personal injury, illness or discomfort to or death of the Tenant or any of its agents, officers, contractors, employees, invitees, licensees and any other Person for whom the Tenant is legally responsible in or about the Building or the Premises; and
 - (ii) for or related to any loss or damage to property owned by the Tenant or by others and for which property the Tenant is responsible in or about the Building or the Premises, and, without limiting the generality of the foregoing, the Landlord shall not be liable for any damage caused by steam, water, rain or snow which may leak into, issue or flow from part of the Building, including the Premises, or from the pipes or plumbing works thereof, or from any other place or for any damage caused by or attributable to the condition or arrangement of any electric or other wiring;
- (b) any loss or damage caused as a result of any damage, destruction, construction, alteration, expansion, expropriation, reduction, repair or reconstruction from time to time of the Building, any parts or components of the Building or of improvements on adjoining properties or by anything done or omitted to be done by any other tenant or occupant;
- (c) any loss or damage, however caused, to books of account, records, files, money, securities, negotiable instruments, papers, computer disks, tapes, software, data and other electronic files and their storage media of any kind or to other valuables of the Tenant including art, artworks, statuary, antiques, gems and precious metals of the Tenant and of others;



- (d) any loss or damage arising from obstruction of deliveries to or from the Premises or interruption, cessation, faulty operation, breakdown or failure of any Building Systems, including but not limited to, the supply of any utilities, telecommunication services (whether controlled or owned by the Landlord or not) or other services in, to or serving the Building or the Premises, whether they are supplied by the Landlord or by others; and
- (e) any indirect or consequential damages including, but not limited to, loss of profit.

**ARTICLE 12
TRANSFERS BY THE TENANT**

12.1 Transfers by the Tenant

The Tenant shall not enter into, consent to, or permit any Transfer without the prior written consent of the Landlord, which consent shall not be unreasonably withheld but shall be subject to the Landlord's rights under Section 12.2. The Tenant shall pay to the Landlord its then current reasonable charge and all costs incurred (including legal fees and disbursements on a solicitor and own client basis) in respect of the proposed Transfer. Notwithstanding any statutory provision to the contrary, it shall not be considered unreasonable for the Landlord to withhold its consent if, without limiting any other factors or circumstances which the Landlord may reasonably take into account:

- (a) an Event of Default on the part of the Tenant hereunder has occurred and is continuing;
- (b) the proposed Transfer would be or could result in violation or breach of any covenants or restrictions made or granted by the Landlord to other tenants or occupants, or prospective tenants or occupants, of the Building;
- (c) in the Landlord's reasonable opinion:
 - (i) either the financial background or the business history and capability of the proposed Transferee is not satisfactory;
 - (ii) the nature or character of the proposed business of the proposed Transferee is such that it might harm the Landlord's business or reputation or reflect unfavourably on the Building, the Landlord, or other tenants of the Building, or the image of any of them, or is unethical, immoral or illegal;
 - (iii) the use of the Premises by the proposed Transferee could be incompatible with the other businesses or activities being carried on in the Building or could result in excessive demands being placed on the Building Systems or other Common Areas; or
 - (iv) if the Transfer affects less than all of the Premises, the portion affected or the portion remaining are not acceptable in respect of size, access or configuration;
- (d) the proposed Transferee or any principal of the proposed Transferee or any principal shareholder of the proposed Transferee has a history of defaults under

other commercial leases or does not have a satisfactory history of compliance with laws;

- (e) the Landlord at the time has other premises in the Building suitable for leasing to the proposed Transferee;
- (f) the basic and additional rent payable by the Transferee is less than the Basic Rent and Additional Rent payable by the Tenant hereunder as at the effective date of the Transfer except in the case where the Landlord determines, in its sole discretion, that payment of lesser rent by the Transferee will not detrimentally affect the leasing program for the Building; or
- (g) the proposed Transfer is to: (i) an existing or recent tenant or occupant of the Building or of any other building owned or managed by the Landlord or any of its affiliates within the same market area as determined by the Landlord; or (ii) a consulate, embassy, trade commission or other representative of a foreign government; (iii) a government, quasi-government or public agency, service or office; or (iv) a Transferee that has a retail component to its business.

Any consent by the Landlord to a Transfer shall not constitute a waiver of the necessity for the Landlord's consent to any subsequent Transfer.

12.2 Tenant's Notice, Landlord's Right to Terminate or Sublet

If the Tenant intends to effect a Transfer the Tenant shall give prior notice to the Landlord of such intent specifying the identity of the Transferee, the type of Transfer contemplated, the part of the Premises affected and the financial and other terms of the Transfer, and shall provide such financial, business or other information relating to the proposed Transferee and its principals as the Landlord or any Mortgagee reasonably requires, together with copies of all documents which record the particulars of the proposed Transfer. The Landlord shall, within fifteen (15) days after having received such notice and all requested information, notify the Tenant either that:

- (a) it consents or does not consent to the Transfer in accordance with the provisions of this Lease; or
- (b) the Landlord shall sublease from the Tenant the Rentable Area to be sublet or assigned under the agreement evidencing the Transfer on the same terms and conditions as set out in such agreement (except in respect of rent which shall be the lesser of the Rent paid therefor by the Tenant under this Lease or the rent specified in such agreement) by giving written notice to the Tenant within fourteen (14) days of receipt of a true copy of the such agreement; or
- (c) it elects to terminate this Lease as to the part of the Premises affected by the proposed Transfer, or as to the whole Lease and Premises if the proposed Transfer affects all of the Premises.

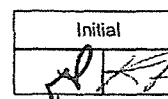
If the Landlord elects to terminate this Lease it shall stipulate in its notice the termination date of this Lease, which date shall be the date of possession contemplated under the proposed Transfer (provided that if such date is less than thirty (30) days following the giving of notice of such election, the Landlord may elect to have the termination date thirty (30) days following the giving of notice). If the Landlord elects to terminate this Lease, the Tenant may notify the Landlord within ten (10) days following receipt of such notice of the Tenant's intention to refrain from such Transfer

and, if the Tenant provides such notice within such time period, then the Landlord's election to terminate this Lease shall become void. If the Tenant fails to deliver such notice within such time period, then this Lease shall, as to the whole or affected part of the Premises, as the case may be, be terminated on the date of termination stipulated by the Landlord in its notice of election to terminate. If the Tenant is required to deliver possession of a part only of the Premises, the Tenant shall pay all costs incurred in connection with rendering that part functionally separate and suitable for separate use and occupancy, including partitioning and providing entrances and services.

12.3 Conditions of Transfer

The following terms and conditions apply in respect of a Transfer:

- (a) the Tenant and the Transferee shall execute, prior to the Transfer being made, an agreement with the Landlord in the Landlord's form including the Transferee's covenant to be bound by all of the terms of this Lease and to amend the Lease to incorporate such terms, covenants and conditions as are necessary so that the Lease will be in accordance with the Landlord's standard form of lease in use for the Building at the time of the Transfer;
- (b) notwithstanding any Transfer, the Tenant shall remain liable under this Lease and shall not be released from performing any of the terms of this Lease for the balance of the Term (excluding renewals). The Tenant's liability shall continue notwithstanding any amendment of this Lease throughout the Term, regardless of whether or when an amendment of this Lease is made (however the original Tenant's liability will not be increased by any amendment that it is not a party to) and notwithstanding that the Landlord may collect rent from the Transferee;
- (c) if the Rent (net of reasonable out of pocket costs for commissions, for cash allowances and for alterations required by and made for the Transferee by the Tenant, amortized on a straight line basis over the term of the Transfer) to be paid by the Transferee under such Transfer exceeds the Rent payable by the Tenant hereunder, the amount of such excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than basic rent or additional rent for such Transfer, either in the form of cash, goods or services, the Tenant shall immediately pay to the Landlord an amount equivalent to such consideration;
- (d) if the Transfer is a sublease, the Transferee will agree to waive any statutory or other right to apply to a court or to otherwise elect to: (i) retain the unexpired term of the Lease or the unexpired term of the sublease; (ii) obtain any right to enter into any lease or other agreement directly with the Landlord; or (iii) otherwise remain in possession of any portion of the Premises, in any case where the Lease is terminated, surrendered or otherwise cancelled, including, without limitation, any disclaimer, repudiation, surrender or other termination (each of these transactions being referred to as an "Early Termination") by any trustee in bankruptcy of the Tenant or a Transferee, by any court appointed officer, or by the Tenant or a Transferee in connection with any insolvency proceedings;
- (e) if there is an Early Termination, the Tenant and any Transferee (except the bankrupt or insolvent Tenant or Transferee) to whom the Landlord gives notice within sixty (60) days after the Early Termination, shall be considered to have entered into a lease with the Landlord on the same terms and conditions as are



contained in this Lease except that the term of the lease shall commence on the date of the Early Termination and shall expire on the date this Lease would have expired but for the Early Termination; and

- (f) notwithstanding the effective date of any permitted Transfer as between the Tenant and the Transferee, all Rent for the month in which such effective date occurs shall be paid in advance by the Tenant so that the Landlord will not be required to accept partial payments of Rent for such month from either the Tenant or the Transferee.

12.4 Corporate Records

Upon the Landlord's request, the Tenant shall: (a) deliver an Officer's Certificate by one of its senior officers setting forth the details of its corporate and capital structure; and (b) make available to the Landlord or its representatives all of its corporate or partnership records, as the case may be, for inspection at all reasonable times, in order to ascertain whether any Change of Control has occurred.

12.5 Permitted Transfers

Notwithstanding Section 12.1 and provided that the Required Conditions are satisfied and the business of the Permitted Transferee is the same or substantially the same as the originally named Tenant, the Tenant shall have the right on prior notice to the Landlord, but without being required to obtain the Landlord's consent, to effect a Transfer in compliance with Section 12.3 in favour of a Permitted Transferee and the Landlord's right to terminate shall not apply to such a Transfer. A Transfer to a Permitted Transferee shall not be effective until such time as all of the requirements of Section 12.3 are complied with. The rights under this Section 12.5 are personal to the originally named Tenant and any Permitted Transferee and are not otherwise transferable.

12.6 No Advertising

The Tenant shall not advertise that the whole or any part of the Premises are available for a Transfer and shall not permit any broker or other Person to do so unless the text and format of such advertisement is approved in writing by the Landlord. No such advertisement shall contain any reference to the rental rate of the Premises.

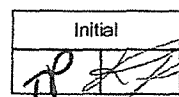
ARTICLE 13 SURRENDER

13.1 Possession

At the expiration or earlier termination of the Term, the Tenant shall peaceably surrender and yield up to the Landlord the Premises and all Leasehold Improvements in good and substantial repair and condition in accordance with its covenants to maintain and repair the Premises. Notwithstanding anything contained in this Section 13.1, upon the expiration of the Term and at the Tenant's cost, the Tenant shall remove all or any part of the Leasehold Improvements as may be required by the Landlord in accordance with Schedule D.

13.2 Merger

The voluntary or other surrender of the Lease by the Tenant or the cancellation of the Lease by mutual agreement of the Tenant and the Landlord shall not work as a merger, and shall at the



Landlord's option terminate all or any subleases. The Landlord's option hereunder shall be exercised by notice to the Tenant and all known subtenants in the Premises or any part thereof.

13.3 Payments After Termination

No payments of money by the Tenant to the Landlord after the expiration or other termination of the Term or after giving of any notice (other than a demand for payment of money) by the Landlord to the Tenant, shall reinstate, continue or extend the Term or make ineffective any notice given to the Tenant prior to the payments of such money. After the service of notice or the commencement of a suit, or after final judgment granting the Landlord possession of the Premises, the Landlord may receive and collect any sums of Rent due under this Lease, and the payment thereof shall not make ineffective any notice, or in any manner affect any pending suits or any judgment therefore obtained.

ARTICLE 14 HOLDING OVER

14.1 Month-to-Month Tenancy

The Tenant has no right to remain in possession of the Premises after the end of the Term. If the Tenant remains in possession of the Premises after the end of the Term with the consent of the Landlord but without entering into a new lease or other agreement then, notwithstanding any statutory provisions or legal presumption to the contrary, there shall be no tacit renewal of this Lease or the Term and the Tenant shall be deemed to be occupying the Premises as a tenant from month to month (with either party having the right to terminate such month to month tenancy at any time on thirty (30) days' notice, whether or not the date of termination is at the end of a rental period) at a monthly Rent payable in advance on the first day of each month equal to 120% of the monthly amount of Rent payable during the last month of the Term and otherwise upon the same terms, covenants and conditions as in this Lease insofar as these are applicable to a monthly tenancy and, for greater certainty, including liability for all Additional Rent.

14.2 Tenancy at Sufferance

If, without the Landlord's written consent, the Tenant remains in possession of the Premises after the expiration or other termination of the Term, the Tenant shall be deemed to be occupying the Premises upon a tenancy at sufferance only, at a monthly rental equal to 150% the Rent determined in accordance with Article 5. Such tenancy at sufferance may be terminated by the Landlord at any time by notice of termination to the Tenant and by the Tenant on the last day of any calendar month by at least 30 days advance notice of termination to the Landlord.

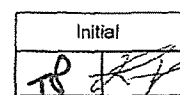
14.3 General

Any month to month tenancy or tenancy at sufferance hereunder shall be subject to all other terms and conditions of the Lease except any right of renewal or extension and nothing contained in this Article 14 shall be construed to limit or impair any of the Landlord's rights of re entry or eviction or constitute a waiver thereof.

ARTICLE 15 RULES AND REGULATIONS

15.1 Purpose

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The rules and regulations set forth in Schedule C have been adopted by the Landlord for the safety, benefit and convenience of all tenants and other Persons in the Development.

15.2 Observance

The Tenant shall, at all times, comply with, and shall cause its employees, agents, licensees and invitees to comply with, such rules and regulations attached as Schedule C hereto and such further and other reasonable rules and regulations and amendments and changes thereto as may be made by the Landlord and notified to the Tenant by mailing a copy thereof to the Tenant or by posting same in a conspicuous place in the Development. All such rules and regulations now or hereafter in force shall be read as forming part of this Lease.

15.3 Non Compliance

The Landlord shall use its best efforts to secure compliance by all tenants and other Persons with such rules and regulations from time to time in effect, but shall not be responsible to the Tenant for failure of any Person to comply with such rules and regulations.

15.4 Loading and Unloading

The delivery and shipping of merchandise, supplies, fixtures, and other materials or goods of whatsoever nature to or from the Premises and all loading, unloading, and handling thereof shall be done only at such times, in such areas, by such means, and through such elevators, entrances, malls and corridors as are designated by the Landlord.

ARTICLE 16 EXPROPRIATION

16.1 Taking of Premises

If during the Term all of the Premises shall be taken for any public or quasi public use under any statute or by right of expropriation, or purchases under threat of such taking, this Lease shall automatically terminate on the date on which the expropriating authority takes possession of the Premises (hereinafter called the "date of such taking").

16.2 Partial Taking of Development

If during the Term only part of the Development is taken or purchased as set out in Section 16.1, then:

- (a) if in the reasonable opinion of the Landlord substantial alteration or reconstruction of the Building is necessary or desirable as a result thereof, whether or not the Premises are or may be affected, the Landlord shall have the right to terminate this Lease by giving the Tenant at least thirty (30) days written notice of such termination, and
- (b) if more than one third of the number of square feet in the Premises is included in such taking or purchase, the Landlord and the Tenant shall each have the right to terminate this Lease by giving the other at least thirty (30) days written notice thereof.

If either party exercises its right of termination hereunder, this Lease shall terminate on the date stated in the notice, provided however, that no termination pursuant to notice hereunder may occur later than sixty (60) days after the date of such taking.

16.3 Surrender

On any such date of termination under Sections 16.1 or 16.2, the Tenant shall immediately surrender to the Landlord the Premises and all interest therein under this Lease. The Landlord may re enter and take possession of the Premises and remove the Tenant therefrom, and the Rent shall abate on such date in respect of the portion taken. After such termination, and on notice from the Landlord stating the Rent then owing, the Tenant shall forthwith pay the Landlord such Rent.

16.4 Partial Taking of Premises

If any portion of the Premises (but less than the whole thereof) is so taken, and no rights of termination herein conferred are timely exercised, the Term of the Lease shall expire with respect to the portion so taken on the date of such taking. In such event the Rent payable hereunder with respect to such portion so taken shall abate on such date, and the Rent thereafter payable with respect to the remainder not so taken shall be adjusted pro rata by the Landlord in order to account for the resulting reduction in the number of square feet in the Premises.

16.5 Awards

Upon any such taking or purchase, the Landlord shall be entitled to receive and retain the entire award or consideration for the affected lands and improvements, and the Tenant shall not have nor advance any claim against the Landlord for the value of its property or its leasehold estate or the unexpired Term of the Lease, or for costs of removal or relocation, or business interruption expense or any other damages arising out of such taking or purchase. Nothing herein shall give the Landlord any interest in or preclude the Tenant from seeking and recovering on its own account from the condemning authority any award or compensation attributable to the taking or purchase of the Tenant's improvements, chattels or trade fixtures, or the removal or relocation of its business. If any such award made or compensation paid to either party specifically includes an award or amount for the other, the party first receiving the same shall promptly account therefore to the other.

ARTICLE 17 DAMAGE BY FIRE OR OTHER CASUALTY

17.1 Limited Damage to Premises

If all or part of the Premises are rendered untenable by damage from fire or other casualty which, in the reasonable opinion of the Architect, can be substantially repaired under applicable laws and government regulations within 180 days from the date of such casualty (employing normal construction methods without overtime or other premium), the Landlord and the Tenant, as the case may be, according to the nature of the damage and their respective obligations to repair, shall repair the damage with all reasonable diligence.

17.2 Major Damage to Premises

If all or part of Premises are rendered untenable by damage from fire or other casualty which, in the reasonable opinion of the Architect cannot be substantially repaired under applicable laws

and governmental regulations within 180 days from the date of such casualty (employing normal construction methods without overtime or other premium), then either the Landlord or the Tenant may elect to terminate this Lease as of the date of such casualty by written notice delivered to the other not more than ten (10) days after receipt of the Architect's opinion, failing which the Landlord or the Tenant, as the case may be, according to the nature of the damage and their respective obligations under this Lease, shall repair such damage with all reasonable diligence.

17.3 Abatement

If the Landlord is required to repair damage to all or part of the Premises under Sections 17.1 or 17.2 the Rent payable by the Tenant hereunder shall be proportionately reduced to the extent that the Premises are thereby rendered unusable by the Tenant in its business, from the date of such casualty until fifteen (15) days after completion by the Landlord of the repairs to the Premises (or the part thereof rendered untenable) or until the Tenant again uses the Premises (or the part thereof rendered untenable) in its business, whichever first occurs.

17.4 Major Damage to Building

If all or a substantial part (whether or not including the Premises) of the Building is rendered untenable by damage from fire or other casualty to such a material extent that in the reasonable opinion of the Landlord the Building must be totally or partially demolished or reconstructed whether or not to be reconstructed in whole or in part, the Landlord may elect to terminate this Lease as of the date of such casualty (or on the date of notice if the Premises are unaffected by such casualty) by written notice delivered to the Tenant not more than sixty (60) days after the date of such casualty, in which event:

- (a) the Tenant shall deliver up possession of the Premises to the Landlord within thirty (30) days after delivery of the notice of termination; and
- (b) Rent shall be apportioned and paid to the date upon which possession has been delivered up,

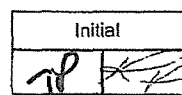
but otherwise, the Landlord or the Tenant, as the case may be, according to the nature of the damage and their respective obligations under this Lease, shall repair such damage with all reasonable diligence.

17.5 Limitation on the Landlord's Liability

Except as specifically provided in this Article 17, there shall be no reduction of Rent and the Landlord shall have no liability to the Tenant by reason of any injury to or interference with the Tenant's business or property arising from fire or other casualty, howsoever caused, or from the making of any repairs resulting therefrom in or to any portion of the Building or the Premises. Notwithstanding anything contained herein, Rent payable by the Tenant hereunder shall not be abated, if the damage is caused by any act or omission of the Tenant, its agents, servants, employees or any other Person entering upon the Premises under express or implied invitation of the Tenant.

ARTICLE 18 TRANSFERS BY LANDLORD

18.1 Sale, Conveyance and Assignment



Nothing in this Lease shall restrict the right of the Landlord to sell, convey, assign or otherwise deal with the Development, subject only to the rights of the Tenant under this Lease.

18.2 Effect of Sale, Conveyance or Assignment

A sale, conveyance or assignment (collectively, the "disposition") of the Development or part thereof shall operate to release the Landlord from liability from after the effective date of such disposition upon the assumption by the transferee under such disposition of all the covenants, terms and conditions of this Lease from and after the effective date of such disposition except as such may relate to the period prior to such effective date of such disposition, and the Tenant shall thereafter look solely to such transferee in respect of matters arising under this Lease in respect of the period arising after the effective date of such disposition. This Lease shall not be affected by any such disposition, and the Tenant shall attorn to the transferee of such disposition.

18.3 Subordination

This Lease is and shall be subject and subordinate in all respects to any and all Mortgages and leasehold interests now or hereafter placed on the Development, and to all renewals, modifications, consolidations, replacements and extensions thereof. In consideration of the foregoing, the Landlord agrees to use its best efforts to obtain a non-disturbance agreement for the Tenant from each Mortgagee.

18.4 Attornment

If the interest of the Landlord is transferred to any Person (the "Purchaser") by reason of foreclosure or other proceedings for enforcement of any such mortgage, or by delivery of a deed in lieu of such foreclosure or other proceedings, the Tenant shall immediately and automatically attorn to Purchaser.

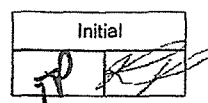
18.5 Effect of Attornment

Upon attornment under Section 18.4 this Lease shall continue in full force and effect as a direct lease between Purchaser and the Tenant, upon all of the same terms, conditions and covenants as are set forth in the Lease except that, after such attornment, Purchaser shall not be:

- (a) liable for any act or omission of the Landlord; or
- (b) subject to any offsets or defenses which the Tenant might have against the Landlord; or
- (c) bound by any prepayment by the Tenant of more than one month's instalment of Rent, or by any previous modification of the Lease, unless such prepayment or modification shall have been approved in writing by Purchaser or any predecessor in interest except the Landlord.

18.6 Execution of Instruments

The subordination and attornment provisions of this Article 18 shall be self operating and no further instrument shall be required. Nevertheless the Tenant, on request by and without cost to the Landlord or any successor in interest, shall execute and deliver any and all instruments further evidencing such subordination and (where applicable hereunder) attornment.



**ARTICLE 19
NOTICES, ACKNOWLEDGEMENTS, AUTHORITIES FOR ACTION**

19.1 Notices

Any notice from one party to the other hereunder shall be in writing and shall be deemed duly served if delivered personally, faxed or emailed to a responsible employee of the party being served, or if mailed by registered or certified mail addressed to the Tenant at the Premises (whether or not the Tenant has departed from, vacated or abandoned the same) or to the Landlord at _____, Calgary, AB _____, Attention: _____ or any other place from time to time established for the payment of Rent. Any notice shall be deemed to have been given at the time of personal delivery, fax or email or, if mailed, seven days after the date of mailing thereof. Either party shall have the right to designate by notice, in the manner above set forth, a different address to which notices are to be mailed.

19.2 Acknowledgements

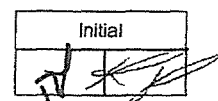
Upon the request of the Landlord the Tenant shall execute and deliver within 10 days of such request a certificate in the form provided by the Landlord certifying, amongst other things and without limitation, that:

- (a) this Lease is in full force and effect, subject only to such modification (if any) as may be set out therein;
- (b) the Tenant is in possession of the Premises and paying Rent as provided in this Lease;
- (c) the dates (if any) to which Rent is paid in advance; and
- (d) that there are not, to the Tenant's knowledge any uncured defaults on the part of the Landlord hereunder, or specifying such defaults if any are claimed.

Any such certificate may be relied upon by any prospective transferee or encumbrancer of all or any portion of the Development, or any assignee of any such Persons. If the Tenant fails to timely deliver such statement or provide a reasonable basis for refusing to do so, the Tenant shall be deemed to have acknowledged that this Lease is in full force and effect, without modification except as may be represented by the Landlord, and that there are no uncured defaults in the Landlord's performance.

19.3 Authorities for Action

The Landlord may act in any matter provided for herein by its property manager and any other Person who shall from time to time be designated by the Landlord by notice to the Tenant. The Tenant shall designate in writing one or more Persons to act on its behalf in any matter provided for herein and may from time to time change, by notice to the Landlord, such designation. In the absence of any such designation, the Person or Persons executing this Lease for the Tenant shall be deemed to be authorized to act on behalf of the Tenant in any matter provided for herein.



**ARTICLE 20
DEFAULT**

20.1 Interest and Costs of Lease of Space

The Tenant shall pay to the Landlord interest at the Stipulated Rate, calculated and compounded monthly, upon all Rent required to be paid hereunder from the due date for payment thereof until the same is fully paid and satisfied. The Tenant shall indemnify the Landlord against all costs, charges (including legal fees and disbursements on a solicitor and his own client basis) lawfully and reasonably incurred in enforcing payment thereof, and in obtaining possession of the Premises after default of the Tenant or upon expiration or earlier termination of the Term of this Lease, or in enforcing covenant, provision or agreement of the Tenant herein contained.

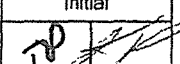
20.2 Right of the Landlord to Perform Covenants

All covenants and agreements to be performed by the Tenant under any of the terms of this Lease shall be performed by the Tenant, at the Tenant's sole cost and expense, and without abatement of Rent. If the Tenant shall fail to perform any act on its part to be performed hereunder, and such failure shall continue for ten (10) days after notice thereof from the Landlord, the Landlord may (but shall not be obligated to do so) perform such act without waiving or releasing the Tenant from any of its obligations relative thereto. All sums paid or costs incurred by the Landlord in so performing such acts under this Section 20.2, together with interest thereon at the Stipulated Rate from the date each such payment was made or each such cost incurred by the Landlord, shall be payable by the Tenant to the Landlord on demand.

20.3 Events of Default

If and whenever any of the following events ("**Events of Default**") occur, namely:

- (a) all or any part of the Rent hereby reserved is not paid when due, and such default continues for ten (10) days after the due date thereof;
- (b) the remaining Term of this Lease, or any goods, chattels or equipment of the Tenant is taken or exigible in execution or in attachment or if a writ of execution is issued against the Tenant;
- (c) the Tenant becomes insolvent or commits an act of bankruptcy or becomes bankrupt or takes the benefit of any statute that may be in force for bankrupt or insolvent debtors or becomes involved in voluntary or involuntary winding up proceedings or if a receiver shall be appointed for the business, property, affairs or revenues of the Tenant;
- (d) the Tenant makes a bulk sale of its goods or moves or commences, attempts or threatens to move its goods, chattels and equipment out of the Premises (other than in the normal course of its business) or ceases to conduct business from the Premises;
- (e) the Tenant fails to observe, perform and keep each and every one of the covenants, agreements, provisions, stipulations and conditions herein contained to be observed, performed and kept by the Tenant (other than payment of Rent) and persist in such failure after fifteen (15) days notice by the Landlord requiring that the Tenant remedy, correct, desist or comply (or if any such breach would

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reasonably require more than fifteen (15) days to rectify, unless the Tenant commences rectification within the fifteen (15) days notice period and thereafter promptly and effectively and continuously proceeds with the rectification of the breach); or

- (f) if an event of default occurs with respect to any lease or agreement between the Tenant and the Landlord or the Landlord's agents;

then and in any of such cases, at the option of the Landlord, the full amount of the then current month's and the next ensuing three months' instalments of Rent, together with all expenses incurred by the Landlord in performing any of the Tenant's obligations under this Lease, re entering or terminating and re letting, collecting sums due or payable by the Tenant, effecting seizure and realizing upon assets seized (including brokerage, legal fees and disbursements), and the expense of keeping the Premises in good order, repairing the same and preparing them for re letting, shall immediately become due and payable and the Landlord may immediately distrain for the same, together with any arrears then unpaid; and the Landlord may without notice or any form of legal process forthwith re enter upon and take possession of the Premises or any part thereof in the name of the whole and remove and sell the Tenant's goods, chattels and trade fixtures therefrom, any rule of law or equity to the contrary notwithstanding; and the Landlord may seize and sell such goods, chattels and equipment of the Tenant whether within the Premises or removed therefrom, and the Tenant waives or renounces the benefit of any present or future law taking away or limiting the Landlord's right of distress on the property of the Tenant, and may apply the proceeds thereof to all Rent and other payments to which the Landlord is then entitled under this Lease. Any such sale may be effected in the discretion of the Landlord by public auction or otherwise, and either in bulk or by individual item, or partly by one means and partly by another, all as the Landlord in its entire discretion may decide. If any of the Tenant's property is disposed of as provided in this Section 20.3, ten (10) days prior notice to the Tenant of disposition shall be deemed to be commercially reasonable.

20.4 Waiver of Exemption and Redemption

Notwithstanding anything contained in any statute now or hereafter in force limiting or abrogating the right of distress, none of the Tenant's goods, chattels or trade fixtures on the Premises at any time during the continuance of the Term, whether those goods, chattels or trade fixtures are on the Premises or have been removed therefrom, shall be exempt from levy by distress for Rent in arrears, and upon any claim being made for such exemption by the Tenant or on distress being made by the Landlord this agreement may be pleaded as an estoppel against the Tenant in any action brought to test the right to levying upon any such goods as are named as exempted in any such statute, the Tenant hereby waiving all and every benefit that could or might have accrued to the Tenant under and by virtue of any such statute but for this Lease. The Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of the Tenant being evicted or dispossessed for any cause, or in the event of the Landlord obtaining possession of the Premises, by reason of the violation by the Tenant of any of the terms or conditions of the Lease or otherwise.

20.5 Surrender

If and whenever the Landlord is entitled to or does re enter, the Landlord may terminate this Lease by giving notice thereof, and in such event the Tenant shall forthwith vacate and surrender the Premises.

20.6 Payments

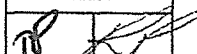
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If the Landlord shall re enter or if this Lease shall be terminated hereunder, the Tenant shall pay to the Landlord on demand:

- (a) Rent up to the time of re entry or termination, whichever shall be the later, plus accelerated rent as herein provided;
- (b) all expenses incurred by the Landlord in performing any of the Tenant's obligations under this Lease, re entering or terminating and re letting, collecting sums due or payable by the Tenant, realizing upon assets seized (including brokerage, legal fees and disbursements), and the expense of keeping the Premises in good order, repairing the same and preparing them for re letting; and
- (c) as damages for the loss of income of the Landlord expected to be derived from the Premises, the amounts (if any) by which the Rent which would have been payable under this Lease exceeds the payments (if any) received by the Landlord from other tenants in the Premises, payable on the first day of each month during the period which would have constituted the unexpired portion of the Term had it not been terminated, or at the election of the Landlord by notice to the Tenant at or after re entry or termination, a lump sum amount equal to the Rent which would have been payable under this Lease from the date of such election during the period which would have constituted the unexpired portion of the Term had it not been terminated, reduced by the rental value of the Premises for the same period, established by reference to the terms and conditions upon which the Landlord re lets them if such re letting is accomplished within a reasonable period after termination, and otherwise established by reference to all market and other relevant circumstances; Rent and rental value being reduced to present worth at an assumed interest rate of 10% on the basis of the Landlord's estimates and assumptions of fact which shall govern unless shown to be erroneous.

20.7 Lien on the Tenant's Goods and Equipment

If the Tenant is in default under this Lease, the Landlord has a lien on all goods, inventory, trade fixtures, equipment facilities and leasehold improvements of the Tenant in the Premises as security against loss or damage resulting from the occurrence of an Event of Default and none of the above will be removed by anyone until the Event of Default is corrected, unless otherwise permitted in writing by the Landlord. While any Event of Default is in existence or subsisting, the personal property of the Tenant shall not be removed in whole or in part from the Premises unless the prior written consent of the Landlord (which consent may be unreasonably or arbitrarily withheld or denied) is obtained, and the Landlord shall have the unfettered right to seize and sell the personal property of the Tenant in such manner and by such method as the Landlord, in its sole discretion, deems advisable, and to apply the proceeds of any sale firstly to the costs and expenses incurred to effect such sale and seizure and the remaining balance, if any, towards the losses and damages suffered or incurred by the Landlord as a result of the occurrence of such Event of Default, or, if applicable, to the costs and expenses incurred to cure such Event of Default, notwithstanding that the Term may have expired or this Lease may have been terminated prior to the date of such seizure, sale or both. In the event that the Premises are vacated or abandoned by the Tenant leaving personal property of the Tenant therein or thereon, all such personal property shall, at the Landlord's option, be deemed to have become the unencumbered property of the Landlord, and such personal property may be transferred, sold, disposed of or otherwise dealt with by the Landlord without any liability or accountability to the Tenant. The provisions of this Section 20.7 will survive the expiration or earlier termination of this Lease.

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20.8 Act of Subtenants

Any act or omission on the part of a subtenant of the Tenant that, if done, or omitted to be done, by the Tenant would constitute a breach of a covenant or condition in this Lease or would impose obligations on the Tenant or entitle the Landlord to exercise remedies, is considered for all purposes to be the act or omission of the Tenant and entitles the Landlord to enforce its remedies under this Lease or at law against the Tenant.

20.9 Remedies Cumulative

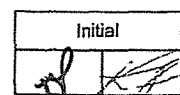
No reference to nor exercise of any specific right or remedy by the Landlord shall prejudice or preclude the Landlord from exercising or invoking any other remedy in respect thereof, whether allowed at law or in equity or expressly provided for herein. No such remedy shall be exclusive or dependent upon any other such remedy, but the Landlord may from time to time exercise any one or more of such remedies independently or in combination.

ARTICLE 21 HAZARDOUS SUBSTANCES

21.1 The Tenant's Covenants

The Landlord shall be responsible for, and shall indemnify and hold the Tenant harmless from, any adverse environmental conditions on the Premises or the Lands originating prior to the Commencement Date, or otherwise caused by the Landlord's non-compliance with applicable Environmental Law. The Tenant covenants and agrees that it will:

- (a) not bring or allow any Hazardous Substance to be brought onto the Development or the Premises except in compliance with Environmental Law;
- (b) comply at all times and require all those for whom the Tenant is in law responsible to comply at all times with Environmental Law as it affects the Premises or the Development;
- (c) give notice to the Landlord of the presence at any time during the Term of any Hazardous Substance on the Premises (or the Development if such substance is in the control of the Tenant) together with such information concerning such Hazardous Substance and its presence on the Premises or the Development as the Landlord may require;
- (d) give notice to the Landlord of any occurrence which might give rise to a duty under Environmental Law by either the Tenant or the Landlord with respect to the presence of any Hazardous Substance on the Premises or the Development including, without limitation, notice of any discharge, release, leak, spill or escape into the environment of any Hazardous Substance at, to or from the Premises or the Development;
- (e) in any case where the Tenant has given notice as to the presence of a Hazardous Substance on the Premises or the Development, or is required to give such notice, or where the Landlord has reasonable grounds to believe that any Hazardous Substance is going to be or has been brought onto the Premises or the Development by the Tenant or any Person for whom the Tenant is in law



responsible, to commission an environmental audit at the Tenant's expense when required by the Landlord to do so;

- (f) comply with any investigative, remedial or precautionary measures required under Environmental Law or as reasonably required by the Landlord, be fully and completely liable to the Landlord for any and all investigation, clean up, remediation, restoration or monitoring costs or any costs incurred to comply with Environmental Law or any request by the Landlord that such measures be taken;
- (g) protect, indemnify and save each of the Landlord and its directors, officers, employees, agents, successors and assigns completely harmless from and against any Environmental Claim, directly or indirectly incurred, sustained or suffered by or asserted against the Landlord and/or its directors, officers, employees, agents, successors and assigns caused by or attributable to, either directly or indirectly, any act or omission of the Tenant and/or any Person for whom the Tenant is in law responsible;
- (h) enter into any additional contract of insurance respecting the Premises which the Landlord may reasonably require to protect the Landlord and its directors, officers, employees, agents, successors and assigns from any Environmental Claim respecting the Premises;
- (i) provide to the Landlord such security as the Landlord may from time to time require, acting reasonably, to ensure compliance by the Tenant of its covenants herein contained; and
- (j) provide access to the Premises for the Landlord or its agent to conduct an environmental audit of the Premises, at the Landlord's expense, at least two (2) months prior to the expiry of the Term of this Lease.

21.2 Inquiries by the Landlord

The Tenant hereby authorizes the Landlord to make inquiries from time to time of any government or governmental agency with respect to the Tenant's compliance with the Environmental Law at the Premises, and the Tenant covenants and agrees that the Tenant will from time to time provide to the Landlord such written authorization as the Landlord may reasonably require in order to facilitate the obtaining of such information. The Landlord or its agent may inspect the Premises from time to time without notice, in order to verify the Tenant's compliance with the Environmental Law and the requirements of this Lease respecting any Hazardous Substance. If the Landlord suspects that the Tenant is in breach of any of its covenants herein, the Landlord and its agent shall be entitled to conduct an environmental audit immediately, and the Tenant shall provide access to the Landlord and its agent for the purpose of conducting an environmental audit. Such environmental audit shall be at the Landlord's expense, unless such environmental audit reveals an environmental issue which was caused by the Tenant's occupancy of the Premises, in which case the Tenant will incur the cost of such environmental audit and the Tenant shall forthwith remedy any problems identified by the environmental audit, and shall ensure that it complies with all of its covenants herein. Upon request by the Landlord from time to time, the Tenant shall provide to the Landlord a certificate executed by a senior officer of the Tenant certifying ongoing compliance by the Tenant with its covenants contained herein.

21.3 Ownership of Hazardous Substances

If the Tenant shall bring or create upon the Premises or the Development any Hazardous Substance or if the conduct of the Tenant's business shall cause there to be any Hazardous Substance upon the Premises or the Development then, notwithstanding any rule of law to the contrary, such Hazardous Substance shall be and remain the sole and exclusive property of the Tenant and shall not become the property of the Landlord notwithstanding the degree of affixation of the Hazardous Substance or the goods containing the Hazardous Substance to the Premises or the Development and notwithstanding the expiry or earlier termination of this Lease.

21.4 The Landlord's Remedies upon Default

Upon the Tenant's material default under this section and in addition to the rights and remedies set forth elsewhere in this Lease, the Landlord shall be entitled to the following rights and remedies:

- (a) at the Landlord's option, to terminate this Lease; or
- (b) to recover any and all damages associated with the material default, including without limitation, in addition to any rights reserved or available to the Landlord in respect of an early termination of this Lease, cleanup costs and charges, civil and criminal penalties and fees, loss of business and sales by the Landlord and other tenants of the Development, any and all damages and claims asserted by third parties and the Landlord's solicitors' fees and costs; or
- (c) both of the above.

ARTICLE 22 MISCELLANEOUS

22.1 Relationship of Parties

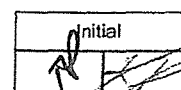
Nothing contained in this Lease shall create any relationship between the parties hereto other than that of landlord and tenant, and it is acknowledged and agreed that the Landlord does not in any way or for any purpose become a partner of the Tenant in the conduct of its business, or a joint venturer or a member of a joint or common enterprise with the Tenant.

22.2 Consent Not Unreasonably Withheld

Except as otherwise specifically provided, whenever consent or approval of the Landlord or the Tenant is required under the terms of this Lease, such consent or approval shall not be unreasonably withheld or delayed. The Tenant's sole remedy if the Landlord unreasonably withholds or delays consent or approval shall be an action for specific performance, and the Landlord shall not be liable for damages. If either party withholds any consent or approval, such party shall on written request deliver to the other party a written statement giving the reasons therefor.

22.3 Applicable Law and Construction

This Lease unless otherwise agreed by the parties shall be governed by and construed under the laws of the jurisdiction in which the Development is located, and its provisions shall be construed as a whole according to their common meaning and not strictly for or against the Landlord or the



Tenant. The words the Landlord and the Tenant shall include the plural as well as the singular. Time is of the essence in this Lease and each of its provisions. This Lease shall be deemed to be executed under seal by all parties to this Lease even though a party may not affix its seal. Words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by and do not imply limitation of the context or the words or phrases which precede or succeed them. All references to articles and schedules refer, unless otherwise specified, to articles of and schedules to this Lease. All references to sections refer, unless otherwise specified, to sections, paragraphs or clauses of this Lease and reference to paragraphs or clauses refer to paragraphs in the same section as the reference or clauses in the same paragraph as the reference. The captions, section numbers, article numbers and the table of contents appearing in this Lease are inserted only as a matter of convenience and do not affect the interpretation or substance of this Lease. All references to federal and provincial statutes, regulations, codes and guidelines includes amendments to such statutes, regulations, codes and guidelines and successor and replacement legislation thereto unless otherwise stated to the contrary. Unless otherwise stated, all dollar amounts in this Lease are in Canadian dollar amounts and are exclusive of GST.

22.4 Entire Agreement

There are no terms and conditions which at the date of execution of this Lease are additional or supplemental to those set out on the pages of this Lease. This Lease contains the entire agreement between the parties hereto with respect to the subject matter of this Lease and supersedes all prior agreements between the Landlord and Tenant including any agreement to lease between the Landlord and Tenant. The Tenant acknowledges and agrees that it has not relied upon any statement, representation, agreement or warranty except such as are set out in this Lease.

22.5 Amendment or Modification

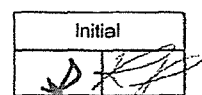
Unless otherwise specifically provided in this Lease, no amendment, modification, or supplement to this Lease shall be valid or binding unless set out in writing and executed by the parties hereto in the same manner as the execution of this Lease.

22.6 Construed Covenants and Severability

Except where expressed as conditions, all of the provisions of this Lease are to be construed as covenants and agreements as though the word importing such covenants and agreements were used in each separate Article hereof. Should any provision of this Lease be or become invalid, void, illegal or not enforceable, it shall be considered separate and severable from the Lease and the remaining provisions shall remain in force and be binding upon the parties hereto as though such provision had not been included.

22.7 No Implied Surrender or Waiver

No provisions of this Lease shall be deemed to have been waived by the Landlord unless such waiver is in writing signed by the Landlord. The Landlord's waiver of a breach of any term or condition of this Lease shall not prevent a subsequent act, which would have originally constituted a breach, from having all the force and effect of any original breach. The Landlord's receipt of Rent with knowledge of a breach by the Tenant of any term or condition of the Lease shall not be deemed a waiver of such term or condition. No act or thing done by the Landlord, its agents or employees during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid, unless in writing and signed



by the Landlord. The delivery of keys to any of the Landlord's agents or employees shall not operate as a termination of the Lease or a surrender of the Premises. No payment by the Tenant, or receipt by the Landlord, of a lesser amount than the Rent due hereunder shall be deemed to be other than on account of the earliest stipulated Rent, nor shall any endorsement or statement on any cheque or any letter accompanying any cheque, or payment as Rent, be deemed an accord and satisfaction, and the Landlord may accept such cheque or payment without prejudice to the Landlord's right to recover the balance of such Rent or pursue any other remedy available to the Landlord.

22.8 Successors Bound

Except as otherwise specifically provided, the covenants, terms and conditions contained in this Lease shall apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

22.9 Liability: Joint/Several

In the event there is more than one entity or Person which or who are parties constituting the Tenant under this Lease, the obligation imposed upon each of the parties comprising the Tenant under this Lease shall be joint and several.

22.10 Set off

In the event the Landlord is liable for any payment or reimbursement to the Tenant then unless otherwise provided for in this Lease the Landlord has the right to set off such reimbursement or liability against liabilities of the Tenant to the Landlord.

22.11 Registrations

The Tenant agrees with the Landlord not to register this Lease but the Tenant may register a caveat in a form approved by the Landlord and provided the Tenant pays the Landlord's reasonable fee for same and allocable transfer or recording taxes or charges. Such caveat shall not reveal the financial terms of this Lease. The Tenant shall remove and discharge at the Tenant's expense the registration of such a notice at the expiry or the earlier termination of the Term or renewals thereof and in the event of the Tenant's failure to remove or discharge this notice or caveat after ten (10) days written notice by the Landlord or the Tenant, the Landlord may in the name and on behalf of the Tenant execute a discharge of such a notice in order to remove and discharge such notice and for the purposes thereof, the Tenant hereby irrevocably constitutes and appoints any officer of the Landlord the true and lawful attorney of the Tenant.

22.12 Unavoidable Delay

Except as herein otherwise expressly provided, if and whenever and to the extent that either the Landlord or the Tenant shall be prevented, delayed or restricted in the fulfilment of any obligation hereunder in respect to the supply or provision of any service or utility, the making of any repair, the doing of any work or any other thing (other than the payment of monies required to be paid by the Tenant to the Landlord hereunder) by reason of:

- (a) strikes or work stoppages;
- (b) being unable to obtain any material, service, utility or labour required to fulfil such obligations; or

- (c) other unavoidable occurrences,

then the time for fulfilment of such condition and obligation shall be extended during the period in which such circumstances operates to prevent, delay or restrict fulfilment thereof, and the other party to this Lease shall not be entitled to compensation for any inconvenience, nuisance or discomfort thereby occasioned.

22.13 Limitation of Recourse

The Tenant acknowledges that, notwithstanding any other provision contained in this Lease, the obligations of and rights against the Landlord under this Lease and any other agreement with the Tenant shall be performed, satisfied and paid only out of and enforced against, and recourse hereunder shall be had only after judgment and only against, the right, title and interest of the Landlord in, and the Landlord's revenue derived from, the Development whether such action or proceeding is for an award of damages, declaratory or injunctive relief or specific performance. No obligation of the Landlord hereunder or in respect hereof is personally binding upon, nor shall any resort or recourse be had, judgment issued or execution or other process levied against, the Landlord (except to the extent necessary for enforcement under the first sentence of this section and only for that purpose), or against any other assets or revenues of the Landlord. The only remedy against the Landlord shall be an action for damages. Notwithstanding anything else contained in this Lease or implied by law, in respect of any remedy as against the Landlord, where the Landlord is comprised of more than one party, the liability of each party comprising the Landlord shall be deemed to be several and not joint or joint and several, and shall be limited to the respective undivided percentage interest of each such party in the Land.

22.14 Counterparts and Electronic Delivery

This Lease may be executed in counterparts and the counterparts together shall constitute an original document. Delivery of this document may be made by facsimile transmission or by email in PDF format and if so delivered shall be deemed to be an original document. Original documents are to be delivered to each of the parties within seven (7) Business Days from the date of delivery by facsimile transmission or email.

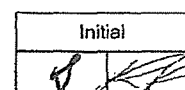
22.15 Independent Legal Advice

The Tenant acknowledges that the Landlord has advised the Tenant to obtain advice from independent legal counsel prior to signing this Lease and that any information provided by the Landlord is not to be construed as legal, tax or any other expert advice. The Landlord and the Tenant understand, acknowledge and agree that this Lease has been freely negotiated by both parties and that, in any dispute or contest over the meaning, interpretation, validity or enforceability of this Lease or any of its terms or conditions, there shall be no inference, presumption or conclusion drawn whatsoever against either party by virtue of that party having drafted this Lease or any portion thereof.

22.16 Survival of Covenants and Indemnities

All obligations of the Tenant which arise during the Term pursuant to this Lease and which have not been satisfied at the end of the Term and all indemnities of the Tenant contained in this Lease shall survive the expiration or other termination of this Lease.

22.17 Exculpatory Provisions



In all provisions of this Lease containing a release, indemnity or other exculpatory language in favour of the Landlord, reference to the Landlord includes reference also to the Landlord's agents (including, without limitation, the Landlord's nominee, the Landlord's manager and the Landlord's leasing agent) and any Person for whom it is in law responsible and the directors, officers and employees of the Landlord, its agents (including, without limitation, the Landlord's nominee, the Landlord's manager and the Landlord's leasing agent) and any Person for whom it is in law responsible and its agents while acting in the ordinary course of their employment (collectively the "Released Persons"), it being understood and agreed that, for the purposes of this section, the Landlord is deemed to be acting as the agent or trustee on behalf of and for the benefit of the Released Persons solely to the extent necessary for the Released Persons to take the benefit of this section.

22.18 Confidentiality

Unless otherwise compelled by law, the Tenant and the Landlord shall cause their respective employees, agents, shareholders, servants, directors, officers and those for whom each of them is legally responsible to keep all provisions of this Lease confidential. The Tenant's and the Landlord's obligation to observe and perform the provisions of this section shall survive the expiration or earlier termination of this Lease.

22.19 Trademarks

The Tenant shall not use any trademarks, copyrights or other intellectual property (collectively, the "Intellectual Property") of the Landlord without the prior written consent of the Landlord. The Landlord's consent, if given, may contain such conditions as the Landlord deems appropriate for the use and protection of such Intellectual Property including any licence fee that the Landlord feels is appropriate in the circumstances. In the absence of the Landlord's consent, and if the Tenant uses the Intellectual Property without the Landlord's written consent and without entering into a licence agreement required by and acceptable to the Landlord, the Tenant hereby agrees and consents to any injunctive or declaratory order or judgment barring it from any further use of the Intellectual Property and hereby indemnifies the Landlord for any losses, claims, damages, liability or costs (including solicitor and own client costs on a full indemnity basis) suffered by the Landlord as a result of the Tenant's unauthorized use of the Intellectual Property.

22.20 Special Provisions

The special provisions, if any, are set out in Schedule F.

22.21 Acceptance of Lease

The Tenant and the Landlord hereby accept this Lease subject to the conditions, restrictions and covenants herein set forth.

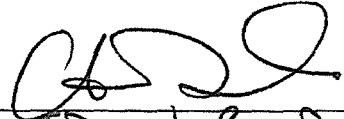
(The remainder of this page left intentionally blank. Execution page follows.)

IN WITNESS WHEREOF the parties hereto have affixed their respective corporate seals, duly attested by the hands of their respective authorized officers in that regard as of the day and year first above written.

LANDLORD

572842 Albertat LTD.

Per:



Name: EDWIN FORD
Title: owner

I/We have the authority to bind the corporation

TENANT:

MTK PROPERTIES LTD.

Per:


Name: Robert Ford
Title: owner

Per:

Name:
Title

I/We have the authority to bind the corporation

{02934563-3}

Initial	
✓	<i>[Handwritten Signature]</i>


**SCHEDULE B
LEGAL DESCRIPTION**

Building Address: 141 Gateway Drive NE, Airdrie AB

Legal Description:

PLAN 081892
BLOCK 5
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS

{02934563-3}

Initial


**SCHEDULE C
RULES AND REGULATIONS**

[TO BE COMPLETED BY LANDLORD]

{02934563-3}

Initial
<i>[Handwritten Signature]</i>

**SCHEDULE D
LEASEHOLD IMPROVEMENTS**

1. Definition of Leasehold Improvements:

"Leasehold Improvements" includes, without limitation, all fixtures, improvements, installations, alterations and additions from time to time made, erected or installed by or on behalf of the Tenant, or any previous occupant of the Premises, in the Premises and by or on behalf of other tenants in other premises in the Building (including the Landlord if an occupant of the Building), including all partitions and hardware however affixed, and whether or not movable, all mechanical electrical and utility installations and all carpeting and drapes, with the exception only of furniture and equipment not of the nature of the fixtures.

2. Installation of Improvements and Fixtures:

- (a) All work including changes to the structure or the systems employed in the Building necessitated by the Tenant's Work shall be first approved by the Landlord.
- (b) The preparation of all design and working drawings and specifications relating to completion of the Premises for occupation by the Tenant and the calling of tenders and letting of contracts relating to the Tenant's Work and the supervision and completion of the Tenant's Work and payment therefore shall be the responsibility of the Tenant.
- (c) Approvals must be obtained by the Tenant for its work from the municipal building department and all authorities having jurisdiction and the Tenant must submit evidence of these approvals to the Landlord before commencing work. The Tenant shall be responsible for payment of all fees and charges incurred in obtaining said approvals to the Landlord before commencing work. The Tenant shall be responsible for payment of all fees and charges incurred in obtaining said approvals and for obtaining an occupancy permit prior to opening.
- (d) All Tenant's Work required by the Tenant to complete the Premises for occupancy shall be carried out with good workmanship and shall not be in contravention of the codes or regulations of the municipality or any other authority having jurisdiction.
- (e) Before commencing any work, the Tenant shall furnish the Landlord with written proof of all contractors' comprehensive general liability insurance for limits not less than those required by the Lease. The Landlord shall be named as an additional named insured in the Tenant's insurance policy.
- (f) Before commencing any work, the Tenant shall furnish the Landlord with written proof of all contractors' Workers' Compensation Board Clearance.
- (g) The Tenant shall at all times keep the premises and all other areas clear of waste materials and refuse caused by itself, its suppliers, contractors or by their work.
- (h) The Landlord may require the Tenant to clean up on a daily basis and be entitled to clean up at the Tenant's expense if the Tenant shall not comply with the Landlord's reasonable requirements.

- (i) All the Tenant work including the delivery, storage and removal of materials shall be subject to the reasonable supervision of the Landlord and shall be performed in accordance with any reasonable conditions or regulations imposed by the Landlord including, without limitation, payment on demand of a reasonable fee of the Landlord for such supervision.
- (j) In no event shall the Tenant alter or interfere with window coverings (if any) or other light control device (if any) installed in the Building.
- (k) The Landlord may require that the Landlord's contractors and sub contractors be engaged for any mechanical or electrical work.
- (l) No locks shall be installed on the entrance doors or in any doors in the Premises that are not keyed to the Building master key system.
- (m) The Landlord shall not in any way be responsible for or liable with regard to any work carried out or any materials left or installed in the Premises and shall be reimbursed for any additional cost and expenses caused which may be occasioned to it by reason thereof and for any delays which may be directly or indirectly caused by the Tenant or its contractor.
- (n) Any damages caused by the Tenant, their contractors or subtrades employed on the work to any of the structure or the systems employed in the Building or to any property of the Landlord or of other the Tenants, shall be repaired by the Landlord's contractor to the satisfaction of the Landlord and the Landlord may recover the costs incurred from the Tenant.
- (o) If the Tenant or the Tenant's contractor neglects to carry out the work properly or fails to perform any work required by or in accordance with the approved plans and specifications, the Landlord, after 30 days written notice to the Tenant and the Tenant's contractor may, without prejudice to any right or remedy, complete the work, remedy the default or make good any deficiencies and recover the costs incurred from the Tenant.
- (p) The Tenant shall maintain and keep on the Premises at all times during construction and the Term of the Lease, a suitable portable fire extinguisher for Class A, B and C fires.
- (q) The Tenant shall perform its work expeditiously and efficiently and shall complete the same within such period in this Lease or any other agreement between the parties granted to the Tenant for completion of the Tenant's Work.
- (r) On completion of the Tenant's Work, the Tenant shall forthwith furnish to the Landlord a statutory declaration stating that there are no builders' liens outstanding against the demised premises on account of the Tenant's Work and that all accounts for work, service and materials have been paid in full with respect to all of the Tenant's Work, together with evidence in writing satisfactory to the Landlord that all assessments under the Workers Compensation Act have been paid.
- (s) The Tenant shall not suffer or permit any builders' or other lien for work, labour, services or materials to be filed against or attached to the entire premises or any part thereof. The Tenant agrees that if any builders' lien is filed, as aforesaid as a

result of his occupancy or possession, the Tenant shall do all within its power to have the lien removed at the earliest possible date. This includes, but shall not be limited to, payment of monies into court and/or any other remedy which would result in the lien being removed from the titles for the entire premises forthwith.

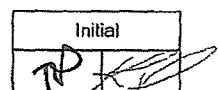
- (t) No work shall be commenced by the Tenant until all drawings and specifications have been approved in writing by the Landlord and until the Tenant has secured approval and permits from all authorities having jurisdiction and submitted proof of same to the Landlord. The Tenant shall complete all work in a good and workmanlike manner, and in strict accordance with the drawings and specifications approved by the Landlord. The Tenant agrees to indemnify and save the Landlord harmless from any and all loss, damage or injury which may result from the Tenant's activities in the entire premises in completing the Premises. The Tenant acknowledges and agrees that there may be inconvenience associated with completing either Landlord's Work or Tenant's Work.
- (u) If the Tenant does not comply with the provisions of the Lease or any other agreement relative to the construction or occupation of the Premises, including this Schedule, the Landlord, in addition to and not in lieu or by other rights or remedies, shall have any or all of the following rights in its discretion:
 - (i) to declare all fees, charges and other sums payable by the Tenant to the Landlord pursuant to this Schedule to be rent and to be collectable as rent under the provisions of this Lease; or
 - (ii) to declare and treat the Tenant's non compliance as a default or breach of covenant under the Lease and exercise any right available under the provisions of the Lease, including the right of termination.

3. Removal of Improvements and Fixtures:

All Leasehold Improvements in or upon the Premises shall immediately upon their placement be and become the Landlord's property without compensation therefor to the Tenant. Except to the extent otherwise expressly agreed by the Landlord in writing, no Leasehold Improvements, trade fixtures, furniture or equipment shall be removed by the Tenant from the Premises either during or at the expiration or sooner termination of the Term except that:

- (a) the Tenant shall, prior to the end of the Term, remove such of the Leasehold Improvements and trade fixtures in the Premises as the Landlord shall require to be removed or pay to the Landlord the amount reasonably estimated by the Landlord for the cost of such removal plus 15% of such cost to compensate the Landlord for the administration of such work; and
- (b) the Tenant may, at the time appointed by the Landlord and subject to availability of elevators (if installed in the Building), remove its furniture and equipment at the end of the Term, and also during the Term in the usual and normal course of its business where such furniture or equipment has become excess for the Tenant's purposes or the Tenant is substituting therefor new furniture and equipment.

If the Tenant fails to remove its trade fixtures and Leasehold Improvements as required by the Landlord at the expiration or earlier termination of this Lease, at the option of the Landlord, the trade fixtures shall become the property of the Landlord and the Landlord may enter the Premises



and remove the trade fixtures or the Leasehold Improvements or portion thereof from the Premises. In doing so the Landlord may, without liability on the Landlord's part, and without notice to the Tenant, enter the Premises and remove such trade fixtures or Leasehold Improvements and repair any damage to the Building caused by such removal at the Tenant's expense, which shall be paid by the Tenant to the Landlord on demand, and such trade fixtures and Leasehold Improvements may, without notice to the Tenant or to any other Person and without obligation to account for them, be sold, destroyed, disposed of, or used by Landlord in such manner as Landlord determines, or may be stored in a public warehouse or elsewhere, all at the Tenant's expense, plus an administration fee of 20% of all of such costs and expenses, which shall be paid by the Tenant to Landlord on demand.

In the event the Landlord elects that the Tenant shall perform any of the required work to complete the removal of its trade fixtures or Leasehold Improvements or portion thereof, then:

- (a) the Tenant shall submit detailed demolition drawings to the Landlord for its prior approval and such work shall be completed under the supervision of the Landlord plus an administration fee of fifteen (15%) percent of the cost of such work;
- (b) the Tenant shall, at its expense, repair any damage caused to the Building by such removal;
- (c) the Tenant shall effect such removal and restoration by the later of: (A) the end of the Term; and (B) fifteen (15) days after the Landlord's notice, provided that in the event of termination of this Lease prior to the expiry of the Term, such removal and restoration shall be completed no later than fifteen (15) days after the date the Landlord recovers possession of the Premises; and
- (d) if the Tenant fails to complete any work referred to in this section within the period specified, the Tenant shall pay compensation to the Landlord for damages suffered by the Landlord for loss of use of the Premises, which damages shall not be less than 150% of the per diem Rent payable during the last month preceding the expiry or earlier termination of the Term.

Notwithstanding the foregoing or any law to the contrary, if the Tenant or any of the Tenant's agents, contractors, invitees, or any Person for whom the Tenant is legally responsible creates or is permitted to bring to the Building or the Premises any Hazardous Substances or if the conduct of the Tenant's business shall cause there to be any Hazardous Substances in or at the Building or the Premises, such Hazardous Substances shall be and shall remain the sole and exclusive property of the Tenant and shall not become the property of the Landlord regardless of the degree of affixation to the Premises or the Building of the Hazardous Substances or the goods containing the Hazardous Substances.

4. For the purpose of this Lease, and except as specified in the Lease:

- (a) the term "Landlord's Work" shall mean finishing the Premises in a manner and in colours standard to the Building which, without limiting the generality of the foregoing, will include those items set out in Schedule E attached hereto.
- (b) the term "Tenant's Work" shall mean all work other than Landlord's Work required to be done to complete the Premises for occupancy by the Tenant. Tenant's Work shall not be undertaken or commenced by the Tenant until:

- (i) all permits necessary for the installation of the Tenant's improvements and approval have been obtained by the Tenant from applicable municipal and other government departments, prior to the commencement of the installation by the Tenant, and copies provided to the Landlord;
 - (ii) a certificate of insurance has been provided to the Landlord confirming compliance with the requirements of this Lease; and
 - (iii) proper documentation has been provided by the Tenant to the Landlord verifying that provisions have been made by the Tenant for payment in full of all costs of Tenant's Work.
- (c) All improvements to the Premises shall conform to the quality standards of the Building. The Tenant shall use an architect to design and prepare working drawings and specifications of Tenant's Work and shall submit such drawings and specifications for the Landlord's prior written approval.

**SCHEDULE E
LANDLORD'S WORK AND TENANT'S WORK**

Only those items enumerated below as the Landlord's Work will be provided and installed by the Landlord in the Premises at its expense. All Landlords' Work shall conform to the laws and regulations of authorities having jurisdiction.

LANDLORD'S WORK

1. The items enumerated in this section "**Landlord's Work**" shall be performed by the Landlord's contractors at the Landlord's cost.

None

TENANT'S WORK

All work under this section is to be in accordance with the design criteria and of a quality regarded as above the industry standard for tenant improvements and tenant finishings.

- Re-painting interior walls
- Replacing interior flooring
- Realigning Interior Walls

Access by Landlord

The Landlord, its employees, contractors, the Architect and other professional advisors, and public utilities authorities, may enter the Premises at all times for:

- (a) the inspection or correction of the Tenant's Work; and
- (b) all other necessary purposes in connection with the construction and completion of the Shopping Centre, including without limitation, during the performance of the Tenant's Work and after the Commencement Date of the Term but only if after the Commencement Date of the Term they take all reasonable steps and when entering the Premises to minimize any interference with the Tenant's business in the Premises.

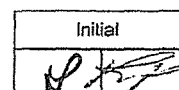
PROCEDURE FOR TENANT'S WORK

Permits and Licenses

The Tenant shall be responsible for obtaining all necessary building permits and approvals as required by the relevant regulatory authorities for the Tenant's Work. Such permits and approvals must be secured before the Tenant commences the Tenant's Work.

Tenant's Plans and Specifications

In order for the Tenant's Work to proceed expeditiously, the Tenant agrees to provide, at its sole cost and expense, to the Landlord, within thirty (30) days after receipt of the Tenant Package, one (1) set of reproducibles of its Plans and Specifications, and three (3) prints each of its Plans and



Specifications and such other information as may be necessary for the Tenant's Work to proceed and for the Tenant's Work to be approved under the Terms of the Lease (herein called the "Tenant's Plans and Specifications").

Without limiting the generality of the foregoing, the Tenant shall provide complete set of working Plans and Specifications. A complete working set is considered either issued for Building Permit or Issued for Construction and should include without limitation, the following:

(c) Drawings

- to scale Floor Plan
- to scale reflected ceiling plan
- to scale long section through to storefront
- to scale cross section
- to scale elevation of exterior storefront and exterior sign
- To scale under slab rough in plan noting all under slab work, complete with dimensions from grid lines.

In addition to all architectural features, the above drawings must include all structural, mechanical, plumbing, and electrical items to be installed by the Tenant.

(d) Schedules

- Schedules of finish materials
- Color schedule for all materials
- Construction schedule

(e) Tenant's Electrical, Mechanical and Plumbing

For the preparation of its Plans and Specifications for electrical, heating, ventilation, air condition, plumbing alterations, the Tenant will employ the Landlord's Architects and Engineers or such other consultant registered in the Province of Alberta as may be approved by the Landlord.

(f) Approval by Landlord's Architect

All Plans and Specifications for the Tenant's Work shall be subject to the written approval of the Landlord's Architects and Engineers prior to commencement of the Tenant's Work, and all the Tenant's Work shall be completed in conformity therewith. Such approval by the Landlord's Architects and Engineers shall be at the Tenant's expense. All Plans and Specifications submitted to the Landlord for approval shall be stamped and signed by the Tenant's Designers performing the work. Connected and demand load information for gas and electrical shall be shown on submission drawings. Tenant is required to provide the Landlord with Issued For Construction Plans and Specifications. Any changes to the Plans

and Specifications from those approved by the Landlord which affect the Base Building need to be noted under separate cover.

(g) Default

Failure of the Tenant to provide the Tenant's Plans and Specifications and information meeting the Landlord's approval will constitute default under this Lease.

(h) Revisions to Documents, Plans and Specifications

If the Landlord or the Architect requires revisions to the Tenant's Plans and Specifications prior to approval, such revisions are to be made by the Tenant within fifteen (15) days of notice.

(i) Tenant Secures Approvals

The Tenant shall secure all approvals and permits, which may include a change of use development permit, required for all work to be undertaken by it from any authorities having jurisdiction (including insurance underwriters) and shall submit proof of such approvals to the Landlord and display such permits before commencing such work. Development Completion Certificate and Occupancy Permit must be secured and a copy sent to the Landlord.

(j) Indemnification

The Tenant covenants and agrees at all times to save the Landlord harm from and keep the Landlord indemnified against any and all claims, demands, actions, suits and proceedings of whatsoever nature upon in respect of any matter arising out of the Tenant's Work which at any time or times hereinafter shall or may be made, brought to proceeded against the Landlord and also from and against all loss, cost, charges, damages and expenses which the Landlord may sustain or incur for any reason of claim, demand, action, suit or proceeding.

(k) Quality of Material and Workmanship

All work by the Tenant within the Premises shall incorporate only new materials. Materials and workmanship shall be of uniformly high quality and used and/or performed in accordance with the very best standard of practice and shall not be in contravention of any governing codes or regulations and shall be subject to the approval of the Landlord and/or his Architect.

(l) Replacement

Mediocre or inferior materials and/or workmanship shall, at the Tenant's expense, be replaced by commercial specification grade materials and/or workmanship of first class quality to the Landlord's satisfaction. The cost of any delays incurred by the Landlord's general contractor as a result of the replacements set forth above shall be paid by the Tenant.

(m) Compatibility of Trades

All Tenant's Work shall be installed by contractors and sub-contractors approved by the Landlord. The Tenant shall not employ on the site any unfit person or anyone not skilled in the work assigned to him or any worker that will cause labour disputes or stoppages among other tradesman performing work or damages to the Shopping Centre.

(n) Floor Loads

The Tenant or his contractor shall not impose upon the floor area of this structure a greater working load than the designed live load of 100 lbs. per square foot uniformly distributed.

(o) Suspended Loads

No suspended loads will be permitted other than normal ceiling and lighting loads from the structure without approval of the Landlord's Architect.

(p) No Entry onto Roof

Under no circumstance shall the Tenant, his employees, his contractor or his contractor's employees enter onto any roof or at any time make any opening in the roof of the Basic Building. Should the Tenant require anything to be done by the Landlord's Contractor for the Tenant's account, payment shall be made by the Tenant to the Landlord upon demand.

(q) Evidence of Insurance

The Tenant shall provide the Landlord evidence of construction insurance or "permission to complete" to the full value of the Tenant's Work, and evidence of comprehensive general liability insurance in an amount of not less than Two Million (\$2,000,000.00) Dollars prior to commencement of construction to the Tenant's Work.

(r) Construction Start

The Tenant may start construction upon approval by Landlord of Tenant's Plans and Specifications.

(s) Garbage Removal

The Tenant shall ensure that all rubbish and waste materials are deposited in designated garbage bins. No rubbish or materials shall be left outside the Premises at the end of the work day or they will be removed by the Landlord's Contractor at Tenant's expense.

**SCHEDULE F
SPECIAL PROVISIONS**

1. OPTION TO EXTEND

PROVIDED that if Tenant duly and regularly pays the rent in accordance with this Lease and performs each and every of the Covenants, Provisos and Agreements therein on the part of the Tenant to be paid and performed, Tenant shall have the option to extend this Lease for one (1) further term of five (5) years (the "**Extension Period**");

PROVIDED that in order to exercise its option for the Extension Period, Tenant shall be required to give to Landlord notice thereof, in writing, not less than nine (9) months and not more than twelve (12) months before the date of expiry of the Term of this Lease. Any renewal pursuant to this proviso shall be on the same terms and conditions contained in the Lease except that:

- (a) there shall be no additional rights of renewal;
- (b) the Basic Rent payable by Tenant in the Extension Period shall be comparable to the fair market rent for similar space, use and fixturing on similar lands and buildings, prevailing at the beginning of the Extension Period and in any event no less than the Basic Rent payable in the final year of the Term;
- (c) in the event that there had been a lease inducement payment payable by the Tenant to the Landlord, there shall be no further lease inducement payment;
- (d) in the event that there had been a rent free or fixturing period there shall be no further rent free or fixturing period;
- (e) in the event that Landlord made any contribution, financial or otherwise, to Tenant during the Term, such contribution shall not apply;
- (f) if the parties are unable to agree on the Basic Rent within one hundred twenty (180) days prior to the expiry of the Term, the issue shall be referred to three (3) arbitrators, one chosen by each of the parties hereto and the third by the two arbitrators thus selected. If either party shall neglect or refuse to name its arbitrator within three (3) weeks from submission to arbitration in accordance with this clause, the arbitrator already named shall proceed and his award fixing the Basic Rent for the Extension Period shall be binding on the Landlord and the Tenant. In the event that the two arbitrators cannot agree on a third arbitrator within two (2) weeks after the last arbitrator was appointed, then either party shall be at liberty to apply to a Judge of the Court of Queen's Bench for the Province of Alberta for the purpose of appointing a third arbitrator and whose decision shall be final, binding and not subject to appeal. The cost of the arbitration shall be shared equally between the parties.

If the decision of the arbitrators has not been made before the expiration of the Term of the Lease, then Tenant shall continue to pay, on account of Basic Rent during the Extension Period, the minimum monthly rent paid by it during the last year of the Term plus all other monthly costs attributable to Tenant under the Lease. When the decision of the arbitrators has been made, Tenant shall pay:

- (ii) on the first day of the month next following the award and in each and every month thereafter until the end of the Extension Period, the minimum monthly rent awarded by the arbitrators; and
- (iii) on the aforesaid first day of the month after the award, the difference between the said minimum monthly rent that would have been paid, had the award been made prior to the expiration of the Term.

2. EXCLUSIVITY

Provided that the Tenant is not in default of the Lease, the Tenant shall have the exclusive right, in the Development, to operate a retail furniture and accessories store and showroom on the Lands.

Initial	
AP	KL

This is Exhibit "N"
referred to in the Affidavit of Robert Pound
Sworn before me this 31st day of January, 2020

A handwritten signature in black ink, appearing to read 'M. Whiting', written over a horizontal line.

A Commissioner in and for the Province of Alberta

MICHAEL J. WHITING
Barrister & Solicitor



January 30, 2020

E.A. (Ted) Pound
572843 Alberta Ltd

Dear Sirs:

Canadian Western Bank (the "Bank") is pleased to discuss the possibility of establishing in favour of 572843 Alberta Ltd (the "Borrower") a credit facility ("the Facility"). The objective of this letter is to confirm our understanding of your requirements and assist you in identifying any aspects requiring further negotiation.

1. LOAN AMOUNT:

- 1.1. Loan Segment (1): Term Loan: The lesser of \$3,000,000 and 60% of the appraised value of 141 Gateway Drive NE, Airdrie Alberta.

Collectively referred to as "the Loan".

2. PURPOSE OF LOAN:

Amounts advanced by the Bank are to be used by the Borrower as follows:

- 2.1. Loan Segment (1): To provide term financing to assist with the purchase of the property civically known as 141 Gateway Drive NE, Airdrie, Alberta and legally known as Plan 081892, Block 5, Lot 1, Airdrie Alberta.

3. ADVANCES:

- 3.1. Loan segment (1): Shall be advanced on a lump sum basis following satisfaction of the Conditions Precedent as set forth in Schedule "C" herein attached.

4. TERM AND LOAN MATURITY DATE:

- 4.1. Loan Segment (1): The Loan is repayable in full, together with all interest, costs and charges, the earlier of 60 months after draw down (the "Loan Maturity Date") or the date payment is demanded as a result of default by the Borrower.

5. INTEREST RATE:

Loans shall bear interest while outstanding before and after maturity and default at the following rates:

- 5.1. Loan Segment (1): The interest rate payable shall be a fixed annual rate, calculated and compounded monthly/semi-annually, not in advance which, subject to availability of funds, the Bank shall exercise its best efforts to obtain funds on a fixed rate basis acceptable to the Borrower and the Bank for the term selected. The following rates are provided for reference purposes only and are subject to fluctuations up to and including the date of drawdown.

<u>TERM</u>	<u>INTEREST RATE</u>
5 Years	4.75%

floating

Unless otherwise specified, all interest shall be payable without demand on the dates specified by the Bank and shall be calculated daily, compounded monthly. Overdue interest shall bear interest at the same rate.

6606 MacLeod Trail SW, Calgary, AB T2H 0K6
t. 403.252.2299 | f. 403.252.2374
cwbank.com

6. **REPAYMENT:**

- 6.1. Loan Segment (1): An interest adjustment shall be payable for the period from the date of advance to the first day of the month following the date of advance and shall be deducted from the amount of the advance. Thereafter, so long as the loan is not in default, the Borrower shall make monthly blended payments of principal and interest each in an amount sufficient to amortize the loan, at the interest rate, over a maximum 25* year period, payable the first day of each month. (* not to exceed 75% of the remaining economic life)

7. **PREPAYMENT:**

- 7.1. Prepayment shall not be permitted without the prior written consent of the Bank:
- 7.2. The Borrower may prepay the whole, but not part, of the sum unpaid principal balance under the loans at any time, by payment of a prepayment charge equal to the greater of the following:
- (a) three (3) months interest calculated on the unpaid principal balance at the rate provided herein; or
 - (b) a prepayment charge equal to the Bank's Unwinding Costs.

8. **AVAILABILITY:**

- 8.1. Subject to satisfaction or waiver by the Bank of all conditions, the Loans will be advanced in one lump sum.

9. **SECURITY AND SUPPORTING DOCUMENTS:**

The attached Schedule "A" forms part of this Agreement.

10. **INSURANCE:**

The attached Schedule "B" forms part of this Agreement.

- 10.1. Assignment of all risk (including, flood and collapse), fire and theft replacement cost insurance satisfactory to the Bank covering all machinery, equipment, fixtures and building which shall contain the Standard Mortgage Clause approved by the Insurance Bureau of Canada. The policy shall contain comprehensive general Public Liability coverage of not less than \$2,000,000 and Business Interruption Insurance of not less than \$300,000.00.
- 10.2. Assignment of Boiler Insurance. A copy of the Insurance Policy is to be provided upon acceptance of this Agreement as appropriate.

11. **FEES:**

Loan Segment (1)

- 11.1. The Borrower shall pay the sum of \$7,500.00 representing the application/commitment fee as follows:
- 11.2.
- 11.2.1. \$3,500.00 representing the application fee shall be payable upon acceptance of this agreement
 - 11.2.2. \$3,000.00 representing the commitment fee shall be payable upon issuance of the commitment letter.

Should the Bank fail to deliver a final commitment substantially as outlined in this agreement the application fee will be refunded to the Borrower.

If a formal commitment letter is issued and accepted the entire fee will be considered earned and will not be refundable under any circumstances.

11.3. The borrower shall pay an annual review fee of \$1,000.00 each year in conjunction with the annual review (based on the Borrower's fiscal yearend financial statements) to renew outstanding loans

12. **CONDITIONS PRECEDENT TO DRAWDOWN:**

The attached Schedule "C" forms part of this Agreement.

13. **GENERAL CONDITIONS/EVENTS OF DEFAULT:**

The attached Schedule "D" forms part of this Agreement.

14. **REPORTING REQUIREMENTS:**

The attached Schedule "E" forms part of this Agreement.

15. **STANDARD LOAN TERMS & DEFINITIONS:**

The attached Schedule "F" forms part of this Agreement.

16. **INTEREST AND FEES:**

The Bank has underwritten the Loan to the Borrower on the basis that the interest rate and fees provided for in this letter will be paid to the Bank over the period from the date of acceptance of this letter to the Loan Maturity Date and that the Loan will be fully repaid by the Loan Maturity Date. The Borrower acknowledges to the Bank that unless the Loan Maturity Date has been extended by agreement between the Borrower and the Bank by the Loan Maturity Date, then the Bank is entitled to be compensated for:

- (i) loss of ability to earn additional fee income on the Loan principal after the Loan Maturity Date;
- (ii) loss of opportunity to reinvest the Loan funds at then current market rates after the Loan Maturity Date; and
- (iii) the increased risk to the Bank of the Loan being outstanding after the Loan Maturity Date;

17. **PARTIAL DISCHARGES:**

17.1. Shall not be permitted.

18. **COSTS:**

The cost of all appraisals and environmental reports, the legal costs of the Bank on a solicitor-client basis, costs of the Bank's insurance consultant and all other reasonable out-of-pocket expenses incurred in the approval and making of the Loan and the preparation, execution, delivery and registration of the Security and Supporting Documents (including the cost of delivering copies of any documents required by law to be given to the Borrower or any other party) or in the collection of any amount owing under the terms of the Loan shall be for the account of the Borrower and may be debited to advances to be made under the terms of the Loan. Until paid, all such costs and expenses shall bear interest at the rate described in Section 3 of this Agreement.

19. **ASSIGNMENT BY BORROWER:**

The Borrower shall not assign or encumber its rights and obligations under the Loan, this Agreement or the whole or any part of any advance to be made hereunder, without the prior written consent of the Bank.

20. **BANK'S COUNSEL:**

Legal work and documentation to be performed at the Borrower's expense through the Bank's counsel:

Gary Cochrane

Faskens DuMoulin Martineau

21. **MATERIAL CHANGE:**

Acceptance of this Agreement by the Borrower provides full and sufficient acknowledgement that if, in the opinion of the Bank, any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower, any obligation by the Bank to advance all or any portion of the loan may be withdrawn or cancelled at the sole discretion of the Bank, acting in a commercially reasonable manner.

22. **NON-MERGER:**

The terms and conditions set out herein shall not be superseded by nor merge in and shall survive the execution, delivery and/or registration of any instruments of security or evidences of indebtedness granted by the Borrower and/or any Guarantor hereafter, and the advancement of any funds by the Bank. In the event of a conflict between the security documents and the terms of this letter, the terms of the security documents shall govern.

24. **ACCOUNTING CHANGES:**

In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in the Commitment Letter, then the Borrower and the Bank agree to enter into negotiations in order to amend such provisions of the Commitment Letter so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as an amendment shall have been executed and delivered by the Borrower to the Bank all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

Accounting Changes refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Canadian Institute of Chartered Accountants, and all events including changes resulting from implementation of the International Financial Reporting Standards to the extent required by the Canadian Accounting Standards Board.

ACCEPTANCE:

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantor.

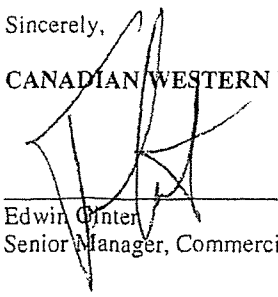
Please note that this paper is presented for discussion purposes only and does not represent a statement of intent or commitment, implied or otherwise, on the part of the Bank.

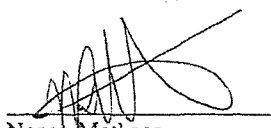
If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter together with your cheque for \$3,500.00, representing the application fee. This Agreement will expire if not accepted by January 31, 2020.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK


Edwin Ginter
Senior Manager, Commercial Banking


Nancy Matheos
AVP and Deputy District Manager

SCHEDULE "A" – TERM LOANS/MORTGAGES**SECURITY**

All security documentation described herein must be prepared, executed and registered, as required by the Bank, prior to drawdown of any funds. The types of security, supporting resolutions and agreements to be provided by the Borrower to the Bank will be in form and content satisfactory to the Bank and/or its solicitors, and without restricting the generality of the foregoing, will include:

1. Promissory Note(s);
2. General Security Agreement providing a perfected first security interest in all of the Borrower's present and after acquired personal property;
3. Demand Collateral Mortgage in the amount of \$4,000,000 conveying a first charge over all real property described in Section 2 and owned by the Borrower. The mortgage document shall contain a "Due on Sale" clause, a readvancement clause and an environmental clause as well as a clause addressing the appointment of a Receiver Manager of the property in the event of default;
4. Assignment of Rents and/or Leases with Estoppel Certificate, registered on title;
5. Unconditional and Unlimited Environmental Agreement and Indemnity (Form 1164) executed by the Borrower and Guarantor;
6. Limited Liability Guarantee in the amount of \$1,000,000.00 in favour of the Bank guaranteeing all indebtedness of the Borrower to the Bank to be provided by E.A. (Ted) Pound;
7. Assignment and Postponement of Creditor's Claim provided by Jim Diamantopolus;
8. Assignment or Waiver of either
 - Insurance on the life of E.A. (Ted) Pound in the minimum amount of \$1,000,000 to be acknowledged by the Beneficiary;OR
 - Creditor Life Insurance in the amount of \$1,000,000 covering the life of principal/guarantor in the Borrower;
9. Assignment of all risk Casualty and Liability insurance as set out under "Insurance", of the Agreement;
10. such of the following supporting documents as may be required by the Bank's solicitors:
 - (i) satisfactory Real Property Report/Surveyor's Certificate with respect to the mortgaged property previously described in Section 2;
 - (ii) satisfactory Zoning or Building Memorandum, or Letter from applicable Zoning official (Compliance Certificate), from the applicable municipal authority;
 - (iii) Tax Certificate showing all property taxes and charges paid or a holdback sufficient to pay taxes when due;
 - (iv) standard form documents relating to authorization of the borrowing and operation of the loan account;
 - (v) Statutory Declaration from the Borrower or the Officer or an officer of the Borrower as to residency, title, use of premises, actions or claims and such other matters as Canadian Western Bank's counsel may advise;
 - (vi) Loan Agreement;

- (vii) opinion of the Borrower's counsel on the security and supporting documents and title to the Property.
11. such additional security instruments, assurances and supporting documents (including legal opinion of the Borrower's solicitor) as the Bank may deem necessary or advisable for the purpose of obtaining and perfecting the foregoing security.

The Borrower and Guarantor acknowledge and agree to give the Bank other reasonable documents, assurances, information and covenants as the solicitors for the Bank may reasonably require with regard to the loan or the security documents to be given hereunder.

SCHEDULE "B" – TERM LOANS/MORTGAGES**INSURANCE**

1. All policies must show every Borrower as a named insured.
2. All policies covering physical loss or damage (that is, property, builders risk and boiler and machinery insurance) must be on a full replacement cost basis and:
 - (a) provide coverage for all risks of physical loss or damage, including, flood, sewer back-up and collapse;
 - (b) include insurance on the foundation and all parts below ground level;
 - (c) provide in case of destruction:
 - (i) that reconstruction will not be limited to "on the same or an adjacent site";
 - (ii) coverage for increased costs of reconstruction through by-law and code changes and demolition and debris removal for damaged and undamaged property and resultant loss of income;
 - (d) either contain a stated amount co-insurance clause or not be subject to co-insurance.
3. The Bank is to be shown both as mortgagee and loss payee under all policies covering physical loss or damage. Loss is to be payable using this wording:

"CANADIAN WESTERN BANK, 6066 Macleod Trail SW, Calgary, Alberta T2H 0K6 as first mortgagee and loss payee."

SCHEDULE "C" – TERM LOANS/MORTGAGES**CONDITIONS PRECEDENT TO DRAWDOWN**

The following conditions must be fulfilled prior to the Bank having any obligations to make any drawdown:

1. the Bank shall be satisfied with the business assets and financial condition of the Borrower and Guarantor and all security documentation and supporting agreements and documents must be completed in a form satisfactory to the Bank and its solicitors, and must be executed and registered as appropriate, and the Bank shall have received a solicitor's letter of opinion with respect to same;
2. satisfactory review by the Bank of the Borrower's financial statements and credit reports (or the Borrower's opening financial statement);
3. satisfactory review of the Personal Financial Statement (provided on the Bank's form) together with documents supporting the personal financial statement of the Guarantors
4. satisfactory review of the purchase agreement(s);
5. the Bank shall be provided with an appraisal of the subject lands confirming a market value of not less than \$5,000,000.00 (using the Cost, Income Approach and Direct Comparison methods of valuation) together with a assessment of the remaining economic life . Such appraisal shall be prepared by an appraiser approved by the Bank and shall be used for lending purposes. The appraisal is to be addressed to the Bank and shall be at the cost of the Borrower;
6. the Borrower shall cause to be conducted environmental assessments, audit and other inspections with respect to the mortgaged property and the business of the Borrower and the obligation of the Bank to advance funds hereunder shall be subject to the Bank receiving reports prepared by a Bank approved Environmental Consultant, satisfactory to the Bank in its sole discretion and subject to the Bank being satisfied in its sole discretion that there are no environmental matters that are adverse to the value of the mortgage property or the business of the Borrower; The ESA is to be supported by a reliance letter in favour of the Bank.
7. satisfactory review by the Bank of a roof report which addresses the current condition of the roof, estimated remaining life, current maintenance program in place and the level of deferred maintenance if any;
8. satisfactory review by the Bank of an engineer's report on the subject property with respect to the structural condition of the building;
9. the Borrower shall provide a property tax receipt confirming payment of all taxes including the current year;
10. provision of a purchase agreement satisfactory to the Bank;
11. provision of copies of all leases and addendums to leases and current rent roll for the Project confirming capacity to support the required Debt Service Coverage as outlined under Schedule "D";
12. the Bank shall be satisfied that the tenant is able to support the payments required to meet the debt servicing requirements.
13. the Bank shall be satisfied as to the zoning of the Project and the availability of all municipal and regulatory permits and approvals required for the operation of the Project;
14. any participation by way of equity, shareholders' loan, or other cash injection required under the terms of this agreement must be in place;
15. the Borrower will establish its primary banking with Canadian Western Bank.
16. the Bank will require two (2) full business days prior written notice of disbursement.

Consideration may be given to waiving conditions 7. and 8. should alternate information become available allowing the bank to confirm no concerns in this area.

SCHEDULE "D" – TERM LOANS/MORTGAGES
GENERAL CONDITIONS

The Borrower agrees:

1. no Event of Default has occurred and is continuing;
2. the Loan Maturity Date has not occurred;
3. the conditions of this Agreement and of all previous advances have been satisfied or waived;
4. the loan shall be advanced by April 1, 2020 unless otherwise extended by the Bank;
5. to maintain a "Debt Service Coverage Ratio" for each property of not less than 1.25 at all times; Debt Service Coverage Ratio is defined as

X/Y where

X =

Triple Net Rent

Less

- Vacancy of 3%
- Maintenance and management of 5%

Y =

Annual Principal plus interest payments

6. no other loans may be secured against the Project, except the Subordinate Mortgages satisfactory to the Bank and, at the Borrower's option, a mortgage to secure Borrower's Equity contributed by the Guarantor or other affiliate of the Borrower, provided such mortgage is fully subordinated to the Security and supporting documents in accordance with a Priority and Standstill Agreement;
7. the Bank's opinions, approvals and decisions are in its sole discretion and are not subject to judicial review as to their reasonableness;
8. the Borrower shall remain the sole registered and beneficial owner of the Project until the Loan has been repaid in full, unless otherwise approved by the Bank;
9. to maintain adequate insurance on the property and acknowledges that failure to do so will hereby authorize the Bank to purchase insurance to protect the Bank's interest in the project to the value of the outstanding loan/mortgage. The Borrower authorizes the Bank to add the cost of said insurance to the loan/mortgage balance.

EVENTS OF DEFAULT:

1. The full amount of the indebtedness and liability of the Borrower then outstanding, together with accrued interest and any other charges then owing by the Borrower to the Bank shall, at the option of the Bank, forthwith be accelerated and be due and payable, and upon being declared to be due and payable, the securities shall immediately become enforceable and the Bank may proceed to realize and enforce the same upon the occurrence and during the continuance of any of the following events or circumstances (which events or circumstances are herein referred to as the "Events of Default"):
 - (a) the Borrower or any Guarantor fails to make due, whether on demand or at a fixed payment date, by acceleration or otherwise any payment of interest, principal, fees, commissions or other amounts payable to the Bank;
 - (b) there is a breach by the Borrower of any other term or condition contained in this Agreement or in any other agreement to which the Borrower and the Bank are parties and the Borrower has not corrected such breach within 15 days of notice having been provided to the Borrower;

- (c) any default occurs under the terms of any security to be provided in accordance with this Agreement or under any other credit, loan or security agreement to which the Borrower are party and the Borrower have not corrected such breach within 15 days of notice having been provided to the Borrower;
- (d) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against the Borrower and, if instituted against the Borrower are allowed against or consented to by the Borrower or are not dismissed or stayed within 60 days after such institution;
- (e) a receiver is appointed over any property of the Borrower or any judgement or order or any process of any court becomes enforceable against the Borrower or any property or any creditor takes possession of any property of the Borrower;
- (f) any adverse change occurs in the financial condition of the Borrower or any Guarantor;
- (g) any adverse change occurs in the environmental condition of:
 - (i) the Borrower, or either of them, or any Guarantor of the Borrower, or
 - (iii) any property, equipment, or business activities of the Borrower or any Guarantor of the Borrower.
- (h) the Borrower acknowledges that failure by any Guarantor of this Agreement to comply with the disclosure requirements set out in Section 45 of the Business Corporations Act (BCA) of Alberta shall constitute a default of the Borrower pursuant to this Agreement.

MISCELLANEOUS CONDITIONS:

1. The rights and remedies of the Bank pursuant to this Agreement and the securities taken pursuant hereto are cumulative and not alternative, and not in substitution for any other rights, remedies, or power of the Bank.
2. Any failure or delay by the Bank to exercise, or exercise fully, its rights and remedies pursuant to this Agreement and the securities taken pursuant hereto shall not be construed as a waiver of such rights and remedies.
3. In the absence of a formal Loan Agreement being entered into, this Agreement shall continue in full force and effect and shall not merge in any securities provided by the Borrower to the Bank.
4. the Bank reserves the sole and absolute right to syndicate part or all of the loan facility contemplated herein, with various syndication partners with whom the Bank syndicates loans from time to time, on terms and conditions satisfactory to the Bank;
5. This Agreement and the security documentation to be provided by the Borrower pursuant hereto shall be construed in accordance with and governed by the laws of the Province of Alberta.

SCHEDULE "E" – TERM LOANS/MORTGAGES
REPORTING REQUIREMENTS

The Borrower agrees to provide the undernoted information to the Bank:

Annually within 120 days of the Borrowers fiscal year end

1. an Officers Compliance Certificate form 1636, certifying that all lending conditions and requirements are being complied with;
2. Notice to Reader, annual financial statements of the Borrower prepared by a firm of qualified professional accountants
3. project rent rolls;
4. confirmation of Payable Status form 1054 on an annual basis;
5. Confirmation of property taxes having been paid up to date
6. Confirmation of insurance having been renewed
7. Copies of all new leases and copies of any amendments to existing leases

Upon request but not less frequently than every two years within 120 days of the Borrowers fiscal year end

8. updated personal net worth statements of Guarantors on the Canadian Western Bank forms duly completed and signed;

any further information, data, financial reports and records, accounting or banking statements, certificates, evidence of insurance and other assurances which the Bank may from time to time require in its sole discretion, acting reasonably.



SCHEDULE "F" – TERM LOANS/MORTGAGES

SCHEDULE – STANDARD LOAN TERMS

ARTICLE 1 – GENERAL

- 1.1. **Interest Rate.** You will pay interest on each Loan at nominal rates per year at the rate specified in this Agreement.
- 1.2. **Floating rate of interest.** Each floating rate of interest provided for under this Agreement will change automatically, without notice, whenever the Bank's Prime Rate or the U.S. Base Rate, as the case may be, changes.
- 1.3. **Payment of interest.** Interest is calculated on the daily balance of the Loan at the end of each day. Interest is due once a month, unless the Agreement states otherwise. Unless you have made other arrangements with us, we will automatically debit your Operating Account for interest amounts owing. If your Operating Account is in overdraft and you do not deposit to the account an amount equal to the monthly interest payment, the effect is that we will be charging interest on overdue interest (which is known as compounding). Unpaid interest continues to compound whether or not we have demanded payment from you or started a legal action, or get judgment, against you.
- 1.4. **Fees.** You will pay the Bank's fees for the Loans as outlined in the Agreement. You will also reimburse us for all reasonable fees (including legal fees on a solicitor and his own client basis) and out-of-pocket expenses incurred in registering any security, and in enforcing our rights under this Agreement or any security. We will automatically debit your Operating Account for fee amounts owing.
- 1.5. **Our rights re demand Loans.** We believe that the banker-customer relationship is based on mutual trust and respect. It is important for us to know all the relevant information (whether good or bad) about your business. Canadian Western Bank is itself a business. Managing risks and monitoring our customers' ability to repay is critical to us. We can only continue to lend when we feel that we are likely to be repaid. As a result, if you do something that jeopardizes that relationship, or if we no longer feel that you are likely to repay all amounts borrowed, we may have to act. We may decide to act, for example, because of something you have done, information we receive about your business, or changes to the economy that affect your business. Some of the actions that we may decide to take include requiring you to give us more financial information, negotiating a change in the interest rate or fees, or asking you to get further accounting assistance, put more cash into the business, provide more security, or produce a satisfactory business plan. It is important to us that your business succeeds. We may demand immediate repayment of any outstanding amounts under any demand Loan. We may also, at any time and for any cause, cancel the unused portion of any demand Loan.
- 1.6. **Payments.** If any payment is due on a day other than a Business Day, then the payment is due on the next Business Day.
- 1.7. **Applying money received.** If you have not made payments as required by this Agreement, or if you have failed to satisfy any term of this Agreement (or any other agreement you have that relates to this Agreement), or at any time before default but after we have given you appropriate notice, we may decide how to apply any money that we receive. This means that we may choose which Loan to apply the money against, or what mix of principal, interest, fees and overdue amounts within any Loan will be paid.
- 1.8. **Information requirements.** We may from time to time reasonably require you to provide further information about your business. We may require information from you to be in a form acceptable to us.
- 1.9. **Insurance.** You will keep all our business assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for property such as yours (plus for any other risks we may reasonably require). If we request, these policies will include a loss payee clause (and if you are giving us mortgage security, a Standard Mortgagee Clause). As further security, you assign all insurance proceeds to us. If we ask, you will give us either the policies themselves or adequate evidence of their existence. If your insurance coverage for any reason stops, we may (but do not have to) insure the property. We will automatically debit your Operating Account for this amount. In the event there are no funds on deposit, we may add the insurance cost to your Loan. Finally, you will notify us immediately of any loss or damage to the property.
- 1.10. **Environmental Matters.** You will carry on your business, and maintain your assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with either your business or your property, and we pay any fines or for any clean-up, or (b) we suffer any loss or damage as a result of any Discharge, you will reimburse the Bank, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If we ask, you will defend any lawsuits, investigations or prosecutions brought against the Bank or any of its directors, officers, employees and agents in connection with any Discharge. Your obligation to us under this section continues even after all Loans have been repaid and this Agreement has terminated.
- 1.11. **Consent to release information.** We may from time to time give any loan or other information about you to, or receive such information from, (a) any financial institution, credit reporting agency, rating agency or credit bureau, (b) any person, firm or corporation with whom you may have or propose to have financial dealings, and (c) any person, firm or corporation in connection with any dealings you have or propose to have with us. You agree that we may use that information to establish and maintain your relationship with us and offer any services as permitted by law, including services and products offered by our subsidiaries when it is considered that this may be suitable to you.
- 1.12. **Proof of debt.** This Agreement provides the proof, between the Bank and you, of the loans made available to you. There may be times when the type of loan you have requires you to sign additional documents. Throughout the time that we provide you loans under this Agreement, our loan accounting records will provide complete proof of all terms and conditions of your loan (such as principal loan balances, interest calculations, and payment dates).
- 1.13. **Renewals of this Agreement.** This Agreement will remain in effect for your Loans for as long as they remain unchanged. If there are no changes to the Loans this Agreement will continue to apply, and you will not need to sign anything further. If there are any changes, we will provide you with either an amending agreement, or a new replacement Letter, for you to sign.
- 1.14. **Confidentiality.** The terms of this Agreement are confidential between you and the Bank. You therefore agree not to disclose the contents of this Agreement to anyone except your professional advisors and where required by law.

- 1.15. **Pre-conditions.** You may use the Loans granted to you under this Agreement only if:
- (a) we have received properly signed copies of all documentation that we may require in connection with the operation of your accounts and your ability to borrow and give security;
 - (b) all the required security has been received and registered to our satisfaction;
 - (c) any special provisions or conditions set forth in the Agreement have been complied with; and
 - (d) if applicable, you have given us the required number of days notice for a drawing under a Loan.
- 1.16. **Notices.** We may give you any notice in person or by telephone, or by letter that is sent either by fax or by mail.
- 1.17. **Non-Revolving Loans.** The following terms apply to each Non-Revolving Loan:
- (a) **Non-revolving Loans.** Unless otherwise stated in the Agreement, any principal payment made permanently reduces the available Loan Amount. Any payment we receive is applied first to overdue interest, then to current interest owing, then to overdue principal, then to any fees and charges owing, and finally to current principal.
 - (b) **Floating Rate Non-Revolving Loans.** Floating Rate Loans may have either (i) blended payments or (ii) payments of fixed principal amounts, plus interest as described below:
 - (i) **Blended payments.** If you have a Floating Rate Loan that has blended payments, the amount of your monthly payment is fixed for the term of the loan, but the interest rate varies with changes in the Prime Rate or U.S. Base Rate (as the case may be). If the Prime Rate or U.S. Base Rate during any month is lower than what the rate was at the outset, you may end up paying off the loan before the scheduled end date. If, however, the Prime Rate or U.S. Base Rate is higher than what it was at the outset, the amount of principal that is paid off is reduced. As a result, you may end up still owing principal at the end of the term because of these changes in the Prime Rate or U.S. Base Rate. We will advise you from time to time of any changes in the blended payment necessary to maintain the original amortization period, should we choose to do so.
 - (ii) **Payments of fixed principal plus interest.** If you have a Floating Rate Loan that has regular principal payments, plus interest, the principal payment amount of your Loan is due on the payment date specified in the Agreement. Although the principal payment amount is fixed, your interest payment will usually be different each month, for at least one and possibly more reasons, namely: the reducing principal balance of your loan, the number of days in the month, and changes to the Prime Rate or U.S. Base Rate (as the case may be).
 - (c) **Demand of Fixed Rate Term.** If you have a Fixed Rate Term Loan and we make demand for payment, you will owe us (i) all outstanding principal, (ii) interest, (iii) any other amount due under this Agreement, and (iv) a prepayment charge. The prepayment charge is equal to the greater of three (3) months interest calculated on the unpaid balance at the rate authorized or the Bank's Unwinding Costs.

ARTICLE 2 – DEFINITIONS

2.1. **Definitions.** In this Agreement, the following terms have the following meanings:

"Agreement" means the letter agreement between you and Canadian Western Bank to which this Schedule and any other Schedules are attached.

"Business Day" means any day (other than a Saturday or a Sunday) that the CWB Branch/Centre is open for business.

"Cash Collateral Account" means funds on deposit held by the Bank in an interest bearing account pending satisfaction of certain terms and/or conditions.

"Cash Flow Coverage Ratio" means for any fiscal year the ratio of X to Y where:

X =
 Net profit after tax
 + amortization/depreciation
 + all interest expenses
 + all taxes
 = EBITDA

Y =
 All interest paid or accrued during the trailing fiscal year + the Borrower's actual principal payment obligations for the trailing fiscal year under the CWB credit facility and any other document or agreement including without limitation:

- o in respect of any indebtedness for borrowed money as classified in the balance sheet of the Borrower and in accordance with generally accepted accounting principals; and
- o in respect of any capital lease in accordance with generally accepted accounting principles entered into by the Borrower.

"Customer Automated Funds Transfer (CAFT)" is a WEB based service that provides non-personal customers the ability to make multiple electronic transactions for purposes of direct deposit for payroll or direct payment of accounts payable.

"CWB Branch/Centre" means the Canadian Western Bank branch or banking centre noted on the first page of this Agreement, as changed from time to time by agreement between the parties.

"Demand Non-Revolving Loan" means an installment loan that is payable upon demand. Such a Loan may be either at a fixed or a floating rate of interest.

"Fixed Rate Loan" means any loan drawn down, converted or extended under a Loan at an interest rate which was fixed for a term, instead of referenced to a floating rate such as the Prime Rate or U.S. Base Rate, at the time of such drawdown, conversion or extension.

"Intangibles" means assets of the business that have no value in themselves but represent value. They include such things as copyright, goodwill, patents and trademarks; franchises, licenses, leases, research and development costs, and deferred development costs.

"Lease-Up Reserve" means the amount of the Loan that is funded into a Cash Collateral Account pending lease-up of the Project in accordance with the Loan authorization.

"Letter of Credit" or "LC" means a documentary or stand-by Letter of Credit, a Letter of Guarantee, or a similar instrument in form and substance satisfactory to us.

"Lien" includes a mortgage, charge, lien, security interest or encumbrance of any sort on an asset, and includes conditional sales contracts, title retention agreements, capital trusts and capital leases.

"Loan" means any loan segment referred to in the Agreement and if there are two or more segments, "Loan" includes reference to each segment.

"Loan Amount" of any Loan means the amount specified in the Agreement and if there are two or more segments, "Loan Amount" includes reference to each segment.

"Loan Maturity Date" means the date the loan is to be repaid or extended by for further term, at the option of the Bank.

"Mandatory Capital Expenditures" means net capital expenditures incurred by you not financed by long term debt. Net capital expenditures means all capitalized fixed asset purchases less fixed asset sales.

"Normal Course Lien" means a Lien that (a) arises by operation of law or in the ordinary course of business as a result of owning any such asset (but does not include a Lien given to another creditor or to secure debts owed to that Loan) and (b) taken together with all other Normal Course Liens, does not materially affect the value of the asset or its use in the business.

"Operating Account" means the account that you normally use for the day-to-day cash needs of your business, and may be either or both of a Canadian dollar and a U.S. dollar account.

"Postponed Debt" means any debt owed by you that has been formally postponed to the Bank.

"Prime Rate" means the variable reference rate of interest per year declared by the Bank from time to time to be its Prime rate for Canadian dollar loans made by the Bank in Canada.

"Principal Sum" means the loan balance outstanding.

"Priority Claims" means priorities that are created when a borrower does not remit monies due for Income Tax, Workers Compensation, Canada Pension Plan, Employment Insurance, GST, Provincial Sales Tax, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises. These are considered to be deemed trust and rank in priority to all security interests.

"Purchase Money Lien" means a Lien incurred in the ordinary course of business only to secure the purchase price of an asset, or to secure debt used only to finance the purchase of the asset.

"Shareholders' Equity" means paid-in capital, retained earnings and attributed or contributed surplus.

"Standard Overdraft Rate" means the variable reference interest rate per year declared by the Bank from time to time to be its standard overdraft rate on overdrafts in Canadian or U.S. dollar accounts maintained with the Bank in Canada.

"Tangible Net Worth" means the total Shareholders' Equity, minus (a) amounts due from/investments in related parties, and the value of all intangibles, plus (b) all postponed debt.

"Unwinding Costs" means the costs the Bank incurs when a fixed rate loan is paid out early. The unwinding costs are based on an interest rate differential between the loan rate and the bid side yield for Government of Canada securities with the same maturity as the loan, for the remaining term of the loan at the time of repayment.

"U.S. Base Rate" means the variable reference rate of interest per year as declared by the Bank from time to time to be its base rate for U.S. dollar loans made by the Bank in Canada.