

**CREDIT AGREEMENT**

**BETWEEN**

**ALVAREZ & MARSAL CANADA INC., solely in its capacity as  
Court Appointed Receiver and Manager and Construction Lien Trustee of  
URBANCORP (LESLIEVILLE) DEVELOPMENTS INC.,  
URBANCORP (RIVERDALE) DEVELOPMENTS INC. and  
URBANCORP (THE BEACH) DEVELOPMENTS INC. and  
not in its personal or corporate capacity  
as Construction Receiver**

**AND**

**C.R.A.F.T. DEVELOPMENT CORPORATION  
as Lender**

**MADE AS OF**

**April 18, 2017**

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## CREDIT AGREEMENT

THIS AGREEMENT is made as of April 18, 2017

BETWEEN:

**ALVAREZ & MARSAL CANADA INC., solely in its capacity as Court Appointed Receiver and Manager and Construction Lien Trustee of URBANCORP (LESLIEVILLE) DEVELOPMENTS INC., URBANCORP (RIVERDALE) DEVELOPMENTS INC. and URBANCORP (THE BEACH) DEVELOPMENTS INC. and not in its personal or corporate capacity (the "Construction Receiver"),**

- and -

**C.R.A.F.T. DEVELOPMENT CORPORATION, a corporation incorporated under the laws of the Province of Ontario (in its capacity as lender hereunder, the "Lender"),**

WHEREAS the Construction Receiver has requested the Credit Facility to finance certain costs associated with the development and completion of construction of the Leslieville Project, and the Lender has agreed to provide the Credit Facility to the Construction Receiver upon and subject to the terms and conditions set out in this Agreement;

AND WHEREAS in addition to the financing being extended by it hereunder, C.R.A.F.T. Development Corporation has also been retained by the Construction Receiver as the Developer (as therein defined) under the Craft Development Contract and as the Contractor (as therein defined) under the Craft Construction Contract (in such capacities and in any other capacity other than its capacity as lender hereunder, herein referred to as "**Craft**");

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

### **ARTICLE 1 INTERPRETATION**

#### 1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

**"Administrative Agent"** means the administrative agent appointed from time to time by the Syndicate Lenders under the Syndicate Credit Agreement.

**"Agreement"** means this credit agreement, including its recitals and schedules.

**"Applicable Law"** means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy,

practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

**“Architect”** means such architect as may be retained by or on behalf of Craft in connection with the Construction of the Leslieville Project.

**“Architect Contract”** means any contract or agreement between the Architect and Craft relating to the Leslieville Project, as such agreement may be amended, restated or supplemented.

**“Architect’s Costs”** means the costs incurred by Craft for the services of the Architect in connection with the Work.

**“Beach Remaining Lands”** has the meaning given to such term in the Craft Development Contract.

**“Beach Sale Process Order”** means the sale process order to be granted in the UC Receivership Proceedings which will approve, among other things, a sale process for the Beach Remaining Lands, as it may be amended, restated or supplemented from time to time, in each case in form and substance satisfactory to the Construction Receiver, Terra Firma, Craft and the Syndicate Lenders.

**“Builder”** has the meaning given to such term in the Craft Construction Contract.

**“Budgeted Development Costs”** means (i) all budgeted costs described as a line item in the Initial Development Budget or any subsequent Development Budget, including any Contingency Amount of budgeted costs, plus (ii) H.S.T.

**“Business Day”** means a day of the year, other than a Saturday, Sunday or statutory holiday, on which the Lender is open for business at its executive offices in Toronto, Ontario.

**“Canadian Dollars”** and **“Cdn. \$”** mean the lawful money of Canada.

**“Change Funder”** has the meaning given thereto in the Craft Construction Contract.

**“Change Orders”** has the meaning given thereto in the Craft Construction Contract.

**“City”** means City of Toronto.

**“CO Work”** has the meaning set forth in the TF Cost Overrun Guarantee.

**“Commitment”** means, \$2,000,000, being the maximum aggregate amount of the Loan that the Lender is obliged to make hereunder, as such amount may be reduced from time to time by any permanent repayments, reductions or prepayments required or made hereunder.

**“Condominium Act”** means the *Condominium Act*, R.S.O. 1998, c.19, as amended or replaced from time to time.

**“Condominium Documents”** means the Declaration, condominium corporation by-laws (or agreements relating thereto), shared facility agreements (if any), insurance trust agreement (if any) or other documents relating to the creation and operation of the Leslieville Project.

**“Construction”** means the completion of construction of the Leslieville Project in accordance with the Plans and Specifications.

**“Construction Receiver”** means Alvarez & Marsal Canada Inc., in its capacity as Court appointed receiver and manager and construction lien trustee of UC Leslieville, UC Beach and UC Riverdale.

**“Construction Receiver’s Counsel”** means Blake, Cassels & Graydon LLP or such other firm of legal counsel as Construction Receiver may from time to time designate.

**“Construction Schedule”** means the construction schedule in respect of the Leslieville Project forming part of the Craft Construction Contract from time to time.

**“Consultant Contract”** means any contract entered into (i) by or on behalf of Craft and (ii) a Consultant relating to the Leslieville Project.

**“Consultants”** means, as applicable, the Architect and the Engineers for the Leslieville Project, and such other consultants as may be retained by Craft from time to time in connection with the Craft C&D Contracts, including as may be identified in connection with any Development Budget.

**“Contingency Amount”** means, with respect to any Development Budget, the amount, if any, of any contingency provided in such Development Budget in respect of the calculation of the Development Costs.

**“Costs”** means with respect to any work performed or services to be performed under the Craft C&D Contracts, the cost (including HST) of such work or service as agreed between Craft and UC Leslieville by the Construction Receiver, including, for greater certainty, the cost of all CO Work.

**“Cost Overruns”** means all “Cost Overruns” as defined in the TF Cost Overrun Guarantee.

**“Court”** means the Ontario Superior Court of Justice (Commercial List) supervising the UC Receivership Proceedings.

**“CP Outside Date”** means July 31, 2017 or such later date as may be agreed among the Construction Receiver, Craft, the Administrative Agent and Terra Firma.

**“Craft”** has the meaning set forth in the second recital hereto.

**“Craft C&D Contracts”** means, collectively, the Craft Construction Contract and the Craft Development Contract.

**“Craft Construction Contract”** means the fixed price construction contract dated on or about the date hereof and made between UC Leslieville by the Construction Receiver and Craft for the Construction of the Leslieville Project.

**“Craft Development Contract”** means the development contract dated on or about the date hereof and made between UC Leslieville by the Construction Receiver and Craft for the provision by Craft of the Development Services with respect to the Leslieville Project.

**“Craft Loans”** means, at any time, the loans outstanding under this Agreement at such time, including loans that are deemed to have been advanced under this Agreement pursuant to the terms of either of the Craft C&D Contracts or the TF Cost Overrun Guarantee.

**“Craft Security”** means the Court ordered Encumbrance against the Leslieville Project granted pursuant to the Settlement Approval Order.

**“Credit Facility”** means the credit facility described in Section 2.01.

**“Curzon Purchasers”** means, collectively, the Opt-In Leslieville Purchasers and the New Curzon Purchasers.

**“Debt”** means, with respect to any Person, all obligations that, in accordance with GAAP, would then be classified as a liability of such Person, and, without duplication, includes, with respect to such Person, an obligation in respect of borrowed money or for the deferred purchase price of Property or services or an obligation that is evidenced by a note, bond, debenture or any other similar instrument.

**“Declaration”** means the declaration or declarations which, together with the description, shall be registered under the Condominium Act and will subject the Leslieville Project or portion(s) thereof to the provisions of the Condominium Act, and all amendments to such declaration or declarations.

**“Default”** means any event or condition that constitutes an Event of Default or that would constitute an Event of Default except for satisfaction of any condition subsequent required to make the event or condition an Event of Default, including giving of any notice, passage of time, or both.

**“Defaulted Cost Overruns”** has the meaning given thereto in the TF Cost Overrun Guarantee.

**“Development Budget”** means, at any time, the then current budget of all Development Costs which has a line by line itemization of Development Costs including Contingency Amounts, as prepared by Craft and agreed by (a) the Construction Receiver, (b) if required under the Syndicate Credit Agreement, the Syndicate Lenders, (c) the Independent Cost Consultant and (d) if there have been Development Cost Overruns from the Initial Development Budget, the Change Funder, including as the context permits or requires, the Initial Development Budget; and **“current Development Budget”** means the then current Development Budget (if any) prepared and approved as aforesaid which replaces a prior Development Budget.

**“Development Cost Overruns”** has the meaning set forth in the Craft Development Contract.

**“Development Costs”** means the actual Costs of the Development Services.

**“Development Services”** has the meaning set forth in the Craft Development Contract.

**“Disposition”** means, with respect to a Person, any sale, assignment, transfer, conveyance, lease, licence or other disposition of any nature or kind whatsoever of any Property or of any right, title or interest in or to any Property, and the verb **“Dispose”** has a corresponding meaning.

**“Encumbrance”** means, with respect to any Person, any mortgage, debenture, pledge, hypothec, lien, charge, assignment by way of security, hypothecation or security interest granted or permitted by such Person or arising by operation of law, in respect of any of such Person’s Property, or any consignment by way of security or capital lease of Property by such Person as consignee or lessee, as the case may be, or any other security agreement, trust or arrangement having the effect of security for the payment of any debt, liability or other obligation, and **“Encumbrances”**, **“Encumbrancer”**, **“Encumber”** and **“Encumbered”** have corresponding meanings.

**“Engineers”** means the structural, mechanical & electrical, geotechnical and environmental, and such other engineers as may be retained by or behalf of Craft in connection with the Construction of the Leslieville Project.

**“Engineering Contracts”** means, collectively, the agreements entered into by or on behalf of Craft and the Engineers, as such agreements may be amended, restated or supplemented as permitted hereunder.

**“Environmental Law”** means any Applicable Law relating to the environment, including those pertaining to:

- (a) reporting, licensing, permitting, investigating, remediating and cleaning up in connection with any presence or Release, or the threat of the same, of Hazardous Substances, and
- (b) the manufacture, processing, distribution, use, treatment, storage, disposal, transport, handling and the like of Hazardous Substances, including those pertaining to occupational health and safety.

**“Event of Default”** has the meaning set out in Section 9.01.

**“Existing Curzon Purchasers”** has the meaning set forth in the Craft Development Contract.

**“Existing Purchaser Deposits”** means, with respect to any Opt-In Leslieville Purchaser in connection with a Unit, the deposit(s) actually paid to UC Leslieville (or in the case of such Opt-In Leslieville Purchaser being an assignee of a purchaser under an agreement of purchase and sale with UC Leslieville for such Unit, actually paid to the assignor) under its original agreement of purchase and sale with UC Leslieville for such Unit.

**“Existing Syndicate Credit Agreement”** means the credit agreement made as of July 13, 2012 between UC Leslieville (as borrower), Alan Saskin, Urbancorp Toronto Management Inc., UC Riverdale and UC Beach (as guarantors), Canadian Imperial Bank of Commerce (as administrative agent and a lender), Laurentian Bank of Canada (as a lender) and Canadian Western Bank (as a lender), as amended and supplemented from time to time.

**“Existing Syndicate Debt”** means all debts and liabilities owing by UC Leslieville, UC Riverdale and/or UC Beach to the Syndicate Lenders pursuant to the Existing Syndicate Credit Agreement.

**“Existing Syndicate Security”** means all Encumbrances granted by UC Leslieville, UC Riverdale, UC Beach or any other Person as security for the Existing Syndicate Debt.

**“Fixed Price”** means the sum of \$5,350,000 plus H.S.T. being the fixed price agreed by Craft to perform the work and services under the Craft Construction Contract other than the CO Work.

**“GAAP”** means those accounting principles that are from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute.

**“Geo-thermal System Costs”** has the meaning set forth in the Craft Construction Contract.

**“Geo-thermal System”** has the meaning set forth in the Craft Construction Contract.

**“Governmental Authority”** means the government of Canada or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

**“Gross Sale Proceeds”** means, with respect to a New APS, (a) the gross sale price (inclusive of net HST payable in respect of such New APS) set out in such New APS less (b) in the case of an Opt-In Leslieville Purchaser, the amount of credit for its Existing Purchaser Deposit set out in such New APS.

**“Hazardous Substance”** means any substance or material that is prohibited, controlled or regulated by any Governmental Authority pursuant to Environmental Law, including pollutants, contaminants, dangerous goods or substances, toxic or hazardous substances or materials, wastes (including solid non-hazardous wastes and subject wastes), petroleum and its derivatives and by-products and other hydrocarbons, all as defined in or pursuant to any Environmental Law.

**“Holdback”** means any amount required to be retained by or on behalf of UC Leslieville by the Construction Receiver, in respect of the value of work, services and materials actually done, performed, placed or furnished on or in the Leslieville Project in accordance with the *Construction Lien Act* (Ontario).

**“HST”** means the harmonized sales tax under the *Excise Tax Act* (Canada).

**“Independent Cost Consultant”** means Altus Group Limited or such other replacement consultant appointed by the Construction Receiver.

**“Initial Development Budget”** means the Development Budget agreed between Craft, the Construction Receiver, the Syndicate Lenders, the Independent Cost Consultant and Terra Firma as the Initial Development Budget under the Craft Development Contact.

**“Insolvent”** means, with respect to any Person, that such Person (a) has committed an “act of bankruptcy”, has admitted in writing that it is unable to pay its debts as they become due, or has become insolvent, (b) has made any assignment in bankruptcy or made any other assignment for the benefit of creditors, has made any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, (c) has sought relief under the *Bankruptcy and Insolvency Act* (Canada), the *Companies’ Creditors Arrangement Act* (Canada), the United States Bankruptcy Code, the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or

analogous law, (d) has been adjudged bankrupt, has filed a petition or proposal to take advantage of any act of insolvency, has consented to or acquiesced in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other Person with similar powers of itself or of all or any substantial portion of its assets, or has filed a petition or otherwise commenced any proceeding seeking any reorganization, arrangement, composition or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or has consented to, or acquiesced in, the filing of such a petition or proposal.

**"Latent Defect"** has the meaning ascribed thereto in the Craft Construction Contract.

**"Lender's Counsel"** means Goldman, Sloan, Nash and Haber LLP or such other firm of legal counsel as the Lender may from time to time designate.

**"Lender's Office"** means the address of the Lender given beside its name on the signatures pages hereto, or such other office in Canada that the Lender may from time to time designate by notice to the Construction Receiver.

**"Leslieville Project"** means the "Project" as defined under the Craft Construction Contract.

**"Leslieville Project Lands"** means the lands and premises comprising the Leslieville Project site located at 50 Curzon Street, Toronto, Ontario and more particularly described in Schedule C hereto under the heading "Leslieville Project Lands".

**"Loan"** means the extension of credit by the Lender under this Agreement.

**"Loan Disbursement Account"** has the meaning set forth in Section 2.03(1).

**"Loan Documents"** means (a) this Agreement, (b) the Security, and (c) all present and future agreements, documents, certificates and instruments delivered by the Construction Receiver to the Lender pursuant to or in respect of this Agreement or the Security, in each case as the same may from time to time be amended, and **"Loan Document"** means any one of the Loan Documents.

**"Marketing Plan"** has the meaning set forth in the Craft Development Contract.

**"New APS"** means each purchase and sale agreement for a Unit entered into and outstanding between UC Leslieville by the Construction Receiver, and a Curzon Purchaser substantially in the form of a Standard Form Sales Agreement.

**"New Curzon Purchasers"** means, collectively, the Persons that are purchasers of Units in the Leslieville Project after the date hereof, other than the Opt-In Leslieville Purchasers.

**"Obligations"** means all obligations of the Construction Receiver to the Lender under or in connection with this Agreement or the other Loan Documents, including all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Construction Receiver to the Lender in any currency or remaining unpaid by the Construction Receiver to the Lender under or in connection with this Agreement or the other Loan Documents whether arising from dealings between the Lender and the Construction Receiver, or from any other dealings or proceedings by which the Lender may be or become in any manner whatsoever a creditor or obligee of the Construction Receiver pursuant to this

Agreement or the other Loan Documents, and wherever incurred, and whether incurred by the Construction Receiver alone or with another or others and whether as principal or surety, and all interest, fees, legal and other costs, charges and expenses relating thereto.

**“Operating Budget”** means an “Approved Operating Budget” as defined in the Craft Development Contract and approved in accordance with the Syndicate Credit Agreement, if required thereunder.

**“Operating Manager”** means First Service Residential or such other residential condominium property manager as may be appointed by the Construction Receiver.

**“Operating Phase”** means the period commencing on the interim occupancy of any of the Units to closing of the purchase and sale of the last of the Units.

**“Opt-In Leslieville Purchasers”** has the meaning set out in the Settlement Approval Order as of the date it was granted.

**“Outside Date”** has the meaning given thereto in the Craft Construction Contract, as such date may be extended from time to time in accordance with the Craft Construction Contract.

**Permitted Debt”** means:

- (a) the Debt under this Agreement;
- (b) the liabilities to be incurred by the Construction Receiver under the Syndicate Credit Agreement up to a maximum principal amount of (a) \$4,650,000.00, plus (b) if and for so long as the ITC Condition (as therein defined) exists, an amount up to the ITC Increase (as therein defined), except as such maximum principal amount may be increased as contemplated under the Settlement Approval Order in order to cover additional principal advances to be made by the Syndicate Lenders in connection with (and without duplication of clause (g) below) the funding of Defaulted Cost Overruns under and in accordance with the provisions of the TF Cost Overrun Guarantee;
- (c) liabilities due and payable to Craft from time to time under the terms of the Craft C&D Contracts;
- (d) the Existing Syndicate Debt;
- (e) the Debt of UC Leslieville owing under the Travelers Agreements and Travelers Mortgage;
- (f) the Debt of UC Leslieville, UC Riverdale and UC Beach owing to Terra Firma on or prior to the date hereof and secured under the mortgage granted by UC Leslie in favour of Terra Firma registered against the Leslieville Project Lands on July 22, 2015;
- (g) additional debt incurred by the Construction Receiver to cover TF Defaulted Cost Overruns or Defaulted Cost Overruns under and in accordance with the provisions of the TF Cost Overrun Guarantee;
- (h) any other Debt owed by the Construction Receiver to the Syndicate Lenders;

- (i) any liabilities secured by the Receiver's Expense Reimbursement Charge;
- (j) any liabilities secured by the Receiver's Borrowings Charge and the Construction Lien Trustee's Borrowing Charge (as each term is set forth in Section 22 of the Receivership Order), including as Section 22 may be varied by order of the Court in the UC Receivership Proceedings;
- (k) any additional Craft Loans to fund Geo-Thermal Costs, to the extent permitted under and made pursuant to the terms of the Settlement Approval Order; and
- (l) any other Debt which is approved by the Court in the UC Receivership Proceedings.

**"Permitted Encumbrances"** means, with respect to the Leslieville Project Lands, the following:

- (a) all Encumbrances existing as of the date of the Receivership Order, including the Existing Syndicate Security;
- (b) all Court ordered charges granted under the Receivership Order;
- (c) all Court ordered charges granted under the Settlement Approval Order including the Security and the Craft Security; and
- (d) such other Encumbrances which are approved by the Court in the UC Receivership Proceedings.

**"Person"** means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

**"Plans and Specifications"** means the plans and specifications pertaining to the development and construction of the Leslieville Project as defined in the Craft Construction Contract as of the date hereof.

**"Proceeds for Distribution"** has the meaning set forth in Section 5.01(2).

**"Proforma Sale Price"** means, in respect of any Unit that is not subject to an Opt-In Purchase Agreement, the Minimum Unit Price for such Unit as defined in the Craft Development Contract which has been approved by the Syndicate Lenders if and to the extent required under the Syndicate Credit Agreement.

**"Property"** means, with respect to any Person, all or any portion of that Person's undertaking and property, both real and personal.

**"Purchaser Deposits"** means, collectively:

- (a) the additional deposits paid by each of the Opt-In Leslieville Purchasers pursuant to its New APS;
- (b) the deposits paid by each New Curzon Purchaser pursuant to its New APS,

but for greater certainty does not include Existing Purchaser Deposits.

**“Purchaser Information Package”** has the meaning given to it in the Purchaser Package Approval Order.

**“Purchaser Package Approval Order”** means the order to be granted in the UC Receivership Proceedings which will approve, among other things, form(s) of purchase and sale agreement for sale of Units by UC Leslieville by the Construction Receiver and the disclosure statement required under the Condominium Act to be provided by the Construction Receiver to all Existing Curzon Purchasers, as it may be amended, restated or supplemented from time to time, in each case in form and substance satisfactory to the Construction Receiver and the Syndicate Lenders.

**“Receivership Administration Order”** means the receivership administration order to be granted in the UC Receivership Proceedings which will approve, among other things, an increase of borrowings by the Construction Receiver required in connection with the arrangements among UC Leslieville, the Construction Receiver, Craft, the Syndicate, Terra Firma and the Existing Curzon Purchasers represented by Dickinson Wright LLP to be approved by the Settlement Approval Order, as it may be amended, restated or supplemented from time to time, in each case in form and substance satisfactory to the Construction Receiver and the Syndicate Lenders;

**“Receivership Order”** means the order of the Honourable Mr. Justice Newbould granted on May 31, 2016 in the UC Receivership Proceedings which, among other things, appointed Alvarez & Marsal Canada Inc. as the receiver and manager and construction lien trustee of all of the property, assets and undertakings of each of UC Leslieville, UC Riverdale and UC Beach acquired for, or used in relation to, their respective businesses, as the same may be amended, restated or supplemented from time to time.

**“Receiver’s Expense Reimbursement Charge”** means the “Construction Receiver’s Charge” as defined in Section 19 of the Receivership Order.

**“Receiver’s Reserve”** shall have the meaning given to it in the Settlement Approval Order.

**“Release”** means any release or discharge of any Hazardous Substance including any discharge, spray, injection, inoculation, abandonment, deposit, spillage, leakage, seepage, pouring, emission, emptying, throwing, dumping, placing, exhausting, escape, leach, migration, dispersal, dispensing or disposal.

**“Security”** means the Encumbrances created in favour of the Lender pursuant to the Settlement Approval Order as security for the Obligations, including all security described in Article 8.

**“Settlement Approval Order”** means the order to be granted by the Ontario Court of Justice (Commercial List) in the UC Receivership Proceedings which will approve the arrangements among UC Leslieville, the Construction Receiver, Craft, the Syndicate, Terra Firma and the Existing Curzon Purchasers represented by Dickinson Wright LLP with respect to the Leslieville Project, as it may be amended, restated or supplemented from time to time, in each case in form and substance satisfactory to those parties.

**“sole and absolute discretion”** means in the sole, absolute and subjective discretion of the relevant Person, which discretion may be exercised unreasonably.

**“Standard Form Sales Agreement”** means the standard form agreements of purchase and sale to be utilized in respect of the sale of the Units to the Opt-In Leslieville Purchasers and New Curzon Purchasers, respectively, in each case as approved pursuant to the Purchaser Package Approval Order and/or Settlement Approval Order, respectively.

**“Substantial Performance of the Work”** has the meaning set forth in the Craft Construction Contract.

**“Syndicate Lenders”** means the Lenders (as therein defined), including any administrative agent appointed thereby, under the Syndicate Credit Agreement.

**“Syndicate Credit Agreement”** means the Credit Agreement dated on or about the date hereof between the Construction Receiver (as borrower), Canadian Imperial Bank of Commerce (as administrative agent), and Canadian Imperial Bank of Commerce, Canadian Western Bank and Laurentian Bank of Canada (as initial lenders), as the same may be amended, restated, replaced or modified from time to time.

**“Tarion”** means Tarion Warranty Corporation, its successors and assigns.

**“Tarion Home Warranty Program”** means the applicable warranty program operated by Tarion relating to purchasers of the Units.

**“Tarion/Travelers Settlement Acknowledgements”** means the acknowledgements and/or agreements provided by each of Tarion and Travelers with respect to warranty and deposit insurance coverage for the Existing Curzon Purchasers and New Curzon Purchasers in form and substance satisfactory to the Construction Receiver, Craft, the Syndicate, Terra Firma and the Existing Curzon Purchasers represented by Dickinson Wright LLP.

**“Taxes”** means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

**“Terra Firma”** means Terra Firma Capital Corporation, a corporation incorporated under the laws of the Province of Ontario.

**“TF Cost Overrun Guarantee”** means the cost overrun and completion guarantee dated on or about the date hereof and provided by Terra Firma to the Construction Receiver, the Administrative Agent on behalf of the Syndicate Lenders and Craft.

**“TF Defaulted Cost Overruns”** has the meaning given thereto in the TF Cost Overrun Guarantee.

**“Travelers”** means Travelers Guarantee Company of Canada, or its successors or assigns as the surety for bonds and/or excess deposit insurance issued to Tarion Warranty Corporation and/or Existing Curzon Purchasers pursuant an agreement of purchase and sale in respect of the Leslieville Project for the deposits made by such purchasers thereunder.

**“Travelers Agreements”** mean the agreements entered into between Travelers and UC Leslieville in respect of, *inter alia*, the Existing Purchaser Deposits for the Leslieville Project, bonds issued in respect thereof and/or excess deposit insurance.

**“Travelers Mortgage”** means the subordinate mortgage granted by UC Leslieville in favour of the Travelers as collateral security for the obligations of UC Leslieville to Travelers pursuant to the Travelers Agreements (such mortgage constituting an Encumbrance ranking behind the Existing Syndicate Security on the Leslieville Project Lands and a first priority Encumbrance on Existing Purchaser Deposits).

**“UC Beach”** means Urbancorp (The Beach) Developments Inc.

**“UC Leslieville”** means Urbancorp (Leslieville) Developments Inc.

**“UC Receivership Proceedings”** means the receivership proceedings commenced in the Ontario Superior Court of Justice [Commercial List] under Court File No. CV-16-11409-00CL pursuant to which Alvarez & Marsal Canada Inc. was appointed as receiver and manager and as construction lien trustee of all of the assets, undertakings, and property acquired for, or used in relation to the business of UC Leslieville, UC Riverdale and UC Beach.

**“UC Riverdale”** means Urbancorp (Riverdale) Developments Inc.

**“Unit”** means either (i) a “unit” (as defined in the Condominium Act) comprising part of the Leslieville Project for use as a residence or (ii) any freehold portion of the Leslieville Project (whether severed or intended to be severed) to be sold to a purchaser for use as a residence, together with the common and exclusive use interests appurtenant thereto, as applicable.

**“Waterfall”** means the scheme of distribution and allocation of proceeds from the sale of Units and other property of UC Leslieville and UC Beach as set out in the Settlement Approval Order.

#### 1.02 **Extended Meanings**

In this Agreement words importing the singular number include the plural and *vice versa*, and words importing any gender include all genders. The term “including” means “including without limiting the generality of the foregoing” and the term “third party” means any Person other than a Person who is a party to this Agreement. Any definition of or reference to any agreement, instrument, order or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument, order or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein).

#### 1.03 **Interest Calculations and Payments**

Unless otherwise stated, wherever in this Agreement reference is made to a rate of interest “*per annum*” or a similar expression is used, such interest will be calculated on the basis of a calendar year of 365 days, and using the nominal rate method of calculation and not the effective rate method of calculation or on any other basis that gives effect to the principle of deemed reinvestment of interest. Interest will continue to accrue after maturity and default and/or judgment, if any, until payment thereof, and interest will accrue and be compounded monthly on overdue interest, if any.

1.04 **Permitted Encumbrances**

The inclusion of reference to Permitted Encumbrances in any Loan Document is not intended to subordinate and will not subordinate, any Encumbrance created by any of the Security to any Permitted Encumbrance.

1.05 **Time of the Essence**

Time shall be of the essence of this Agreement

1.06 **Currency**

Unless otherwise specified in this Agreement, all references to currency (without further description) are to lawful money of Canada.

1.07 **Conflicts**

In the event of a conflict between the provisions of this Agreement and the provisions of any other Loan Document, then, unless such Loan Document or an acknowledgement from the Construction Receiver and the Lender relative to such Loan Document expressly states that this Section 1.07 is not applicable to such Loan Document, notwithstanding anything else contained in such other Loan Document, the provisions of this Agreement will prevail and the provisions of such other Loan Document will be deemed to be amended to the extent necessary to eliminate such conflict.

1.08 **Limitation of Recourse against Construction Receiver**

Notwithstanding any other provision of this Credit Agreement or any other agreement by or among the Construction Receiver and the Lender, Alvarez & Marsal Canada Inc. shall have no personal or corporate liability under this Agreement or any of the other Loan Documents. All obligations of the Construction Receiver, whether on behalf of UC Leslieville or its own behalf, under or in connection with the Credit Facility established under this Agreement and the other Loan Documents are undertaken by Alvarez & Marsal Canada Inc. solely in its capacity as the Court Appointed Receiver and Manager and Construction Lien Trustee of UC Leslieville, UC Beach and UC Riverdale, and save and except in the case of the gross negligence or willful misconduct of Alvarez & Marsal Canada Inc., as determined by a court of competent jurisdiction, the sole recourse of the Lender against UC Leslieville or the Construction Receiver in connection with such obligations shall be limited solely to a claim against the proceeds of the property and assets of UC Leslieville,

1.09 **Schedules**

The following are the Schedules attached hereto and incorporated by reference and deemed to be part hereof:

Schedule A - Legal Description of Project Lands

## **ARTICLE 2 THE CREDIT FACILITY**

### **2.01 Credit Facility**

Subject to the terms and conditions of this Agreement, the Lender establishes in favour of the Construction Receiver a non-revolving, term credit facility (the “**Credit Facility**”) in an amount up to the Commitment which is available to the Construction Receiver by way of a one-time Loan.

### **2.02 Purpose of Credit Facility**

The Loan made under the Credit Facility will only be used by the Construction Receiver for the following purposes:

- (1) to finance the Fixed Price payable to Craft under the Craft Construction Contract; and
- (2) to finance the payment of the Budgeted Development Costs set out in the Initial Development Budget agreed pursuant to the Craft Development Contract.

### **2.03 Single Drawdown and Disbursements from the Loan Disbursement Account**

- (1) Subject to the provisions of this Agreement, including without limitation Section 3.01, the full amount of the Loan shall be advanced by the Lender in one single advance (i) upon satisfaction of the conditions precedent set forth in Section 3.01 and (ii) within three Business Days after delivery by the Construction Receiver to the Lender of a written notice requesting that the advance be made. Such advance shall be made to an account in the name of the Construction Receiver to be established and maintained with the Canadian Imperial Bank of Commerce (the “**Loan Disbursement Account**”).
- (2) After the initial advance under Section 3.02(1), the Construction Receiver shall be entitled to disburse amounts from the Loan Disbursement Account upon fulfilment of the conditions in Section 3.02.
- (3) All determinations relating to the disbursement of amounts from the Loan Disbursement Account, including as to compliance with the conditions of Section 3.02, shall be made by the Construction Receiver, acting reasonably and in good faith (including, as and where appropriate, with advice from the Independent Cost Consultant). Any and all such determinations shall be final and conclusive in all respects. In the event of any dispute relating thereto between the Lender and the Construction Receiver, either party shall be at liberty to apply to the Court in the UC Receivership Proceedings for further instructions relating to any requested Disbursement.

### **2.04 Rights under Craft C&D Contracts**

Notwithstanding anything to the contrary in this Agreement, and, for certainty, without compliance by the Construction Receiver with the conditions precedent set forth in Section 3.02, the Construction Receiver shall, at any time when Craft is in default under either of the Craft

C&D Contracts, be entitled to exercise such of the rights and remedies against the amounts outstanding from time to time in the Loan Disbursement Account to which it is entitled under either or both of the Craft C&D Contracts as a result of such default.

**2.05 Interest on Excess Loan, Unpaid Costs and Expenses**

Unless the payment of interest is otherwise specifically provided for herein, where the Construction Receiver fails to pay any amount required to be paid by it hereunder when due, after having received notice that such amount is due, the Construction Receiver shall pay interest on such unpaid amount from the time such amount is due until paid at an annual rate equal to 9.0% per annum in accordance with Section 5.01.

**ARTICLE 3  
ADVANCE AND DISBURSEMENT CONDITIONS**

**3.01 Conditions Precedent to Initial Advance**

The obligations of the Lender under this Agreement (including to make the advance of the Loan to the Loan Disbursement Account under the Credit Facility) are subject to and conditional upon the prior satisfaction of the following conditions precedent:

- (1) each of the Craft C&D Contracts shall have been executed and delivered by each of Craft and the Construction Receiver and be in full force and effect;
- (2) the Loan Disbursement Account shall have been established;
- (3) the TF Cost Overrun Guarantee shall have been executed and delivered by Terra Firma to the Construction Receiver, Craft and the Administrative Agent on behalf of the Syndicate Lenders in form and substance satisfactory to the Lender and be in full force and effect;
- (4) the Syndicate Loan Agreement shall have been executed and delivered to the Construction Receiver in form and substance satisfactory to the Lender and be in full force and effect;
- (5) each of the Purchaser Package Approval Order, the Settlement Approval Order, the Beach Sales Process Order, and the Receivership Administration Order shall have been granted, the "Effective Date" (as defined in the Settlement Approval Order) shall have occurred and each of such orders shall be final and non-appealable and if any such orders are appealed, such appeal is withdrawn or determined in favour of the Construction Receiver;
- (6) none of the Receivership Order, the Purchaser Package Approval Order, the Settlement Approval Order, the Beach Sales Process Order or the Receivership Administration Order or any provision of any of them shall have been stayed, varied or vacated without the prior written consent of the Lender and the Construction Receiver and there shall not be any pending motion to do so;
- (7) Tarion and Travelers shall have provided the Tarion/Travelers Acknowledgements, or the Court shall have made an Order of like effect, in form and substance satisfactory to the Lender.

- (8) the Standard Form Sales Agreement to be entered into with each Curzon Purchaser and the disclosure statement required to be delivered to each Curzon Purchaser under the Condominium Act shall have been approved by the Court pursuant to the Purchaser Package Approval Order and the Settlement Approval Order, as applicable, and the Court shall have confirmed the last date upon which an Opt-In Leslieville Purchaser may rescind its New APS to purchase a Unit in the Leslieville Project pursuant to Section 73(2) of the Condominium Act;
- (9) the Independent Cost Consultant shall have been appointed to act on behalf of the Construction Receiver throughout the duration of the Leslieville Project;
- (10) the Initial Development Budget shall have been approved by the Independent Cost Consultant, the Syndicate Lenders, the Lender and Terra Firma;
- (11) Terra Firma shall have funded to the Construction Receiver the (a) cost of all Latent Defects discovered by Craft, the Construction Receiver or any other Person relating to the Leslieville Project as of the date the other conditions precedent set out in this Section 3.01 have been satisfied, (b) amount of all "Development Cost Overruns" (as defined in the Craft Development Contract) requested by Craft as of the date the other conditions precedent set out in this Section 3.01 have been satisfied, in each case as required under the TF Cost Overrun Guarantee, and for certainty, inclusive of HST;
- (12) Terra Firma shall not be Insolvent;
- (13) no Cost Overrun discovered after the date of this Agreement shall be existing which has not been funded by Terra Firma, Craft or the Syndicate Lenders under the TF Cost Overrun Guarantee;
- (14) no Default or Event of Default will have occurred and be continuing on the date of advance of the Loans, or would result from making the requested advance;
- (15) the Lender shall have received a subsearch from Lender's Counsel confirming that no Encumbrances have been registered on title to the Leslieville Project Lands other than Permitted Encumbrances; and
- (16) each of UC Riverdale, UC Leslieville and UC Beach shall have been adjudged bankrupt under the Bankruptcy and Insolvency Act (Canada),

provided that all documents delivered pursuant to this Section 3.01 must continue to be in full force and effect, and in form and substance satisfactory to the Lenders, acting reasonably.

If the conditions set forth in Sections 3.01 and 3.05 are not satisfied (or waived by the parties) on or before the CP Outside Date, then this Agreement shall be automatically terminated and of no force and effect.

### 3.02 **Conditions Precedent to all Disbursements from the Loan Disbursement Account**

Disbursements of funds from the Loan Disbursement Account are subject to and conditional upon the prior satisfaction of the following conditions precedent:

- (1) no default by the Construction Receiver shall have occurred under the Construction Contract and be subsisting after the expiry of all applicable cure periods that entitles the Lender to terminate the Construction Contract;
- (2) no Cost Overrun shall be existing which has not been funded by Terra Firma, Craft or the Syndicate Lenders under the TF Cost Overrun Guarantee;
- (3) all conditions precedent to the progress draw or payment under the applicable Craft C&D Contract proposed to be funded from the disbursement from the Loan Disbursement Account shall have been satisfied or waived and Craft is entitled to such progress draw or payment under such Craft C&D Contract;
- (4) none of the Receivership Order, the Purchaser Package Approval Order, the Settlement Approval Order, the Beach Sales Process Order or the Receivership Administration Order or any provision of any of them shall have been stayed, varied or vacated without the prior written consent of the Lender and the Construction Receiver;
- (5) none of the Tarion/Travelers Acknowledgements nor any provision thereof shall have been varied or withdrawn, or the Court Order so declaring varied or stayed, without the prior written consent of the Lender;
- (6) no Default or Event of Default will have occurred and be continuing on the date of such disbursement, or would result from making the requested advance;
- (7) a subsearch shall confirm that no Encumbrances have been registered on title to the Leslieville Project Lands since the date of the prior disbursement from the Loan Disbursement Account other than Permitted Encumbrances; and
- (8) all other terms and conditions of this Agreement upon which the Construction Receiver may obtain a disbursement from the Loan Disbursement Account that have not been waived will have been fulfilled.

### 3.03 **Provisos**

Notwithstanding anything to the contrary contained in this Agreement:

- (1) Each disbursement from the Loan Disbursement Account shall include the amount of the Holdback (if any) relating to the Costs to be paid from such disbursement and the Construction Receiver shall retain the amount of each such Holdback in a segregated account with the Canadian Imperial Bank of Commerce until such Holdback becomes payable to Craft under the Craft C&D Contracts or as ordered by the Court in the UC Receivership Proceedings. For certainty, once disbursed to the Construction Receiver, all such Holdback amounts are within its control and no longer subject to the provisions of this Agreement; and
- (2) if some or all of the conditions precedent in Section 3.02 are not or cannot be satisfied, the Construction Receiver shall nevertheless be entitled to the continuing disbursement of funds from the Loan Disbursement Account (A) to permit it to pay amounts payable to Craft pursuant to either or both of the Craft

C&D Contracts upon the termination of either or both of the Craft C&D Contracts by the Construction Receiver (or UC Leslieville by the Construction Receiver) in accordance with the terms thereof (which, for certainty, excludes any compensation payable to Craft pursuant to Section 5.2 of the Development Contract), and (B) as provided in Section 2.04.

3.04 **Waiver**

The conditions set forth in Sections 3.01 and 3.02 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions), in respect of the initial advance or any disbursement without prejudicing the right of the Lender at any time to assert such conditions in respect of any subsequent disbursement from the Loan Disbursement Account.

3.05 **Condition to Construction Receiver's Execution**

Notwithstanding anything to the contrary in this Agreement, the execution and delivery of this Agreement by the Construction Receiver and its obligations hereunder are subject to and conditional upon the granting of the Settlement Approval Order, the "Effective Date" (as defined therein) having occurred and such order becoming final and non-appealable and if such order is appealed, such appeal is withdrawn or determined in favour of the Construction Receiver.

**ARTICLE 4  
PAYMENTS OF INTEREST  
AND COMMITMENT FEES**

4.01 **Interest**

The Construction Receiver will pay interest in Canadian Dollars on each Loan from the date of initial advance of the Loan to the Loan Disbursement Account to the date of repayment thereof (both before and after default, acceleration and judgment) at the rate of seven percent (7%) *per annum*. Interest on the Loan will become due and payable in accordance with Section 5.01.

Such interest will accrue from day to day, be payable in arrears and will be calculated on the principal amount of the Loan outstanding from time to time and on the basis of the actual number of days elapsed in a year of 365 days.

4.02 **Maximum Rate of Interest**

Notwithstanding anything contained herein to the contrary, the Construction Receiver will not be obliged to make any payment of interest or other amounts payable to the Lender hereunder in excess of the amount or rate that would be permitted by Applicable Law or would result in the receipt by the Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)). If the making of any payment by the Construction Receiver would result in a payment being made that is in excess of such amount or rate, the Lender will determine the payment or payments that are to be reduced or refunded, as the case may be, so that such result does not occur.

## ARTICLE 5 REPAYMENT

### 5.01 Mandatory Repayment

- (1) The Loan and all other Obligations shall become due by the Construction Receiver upon the occurrence of an Event of Default hereunder which has been accelerated by the Lender in accordance with Section 9.02, and subject to compliance with any conditions to such acceleration set forth therein.
- (2) Notwithstanding any other section of this Agreement, including without limitation, anything to the contrary in Sections 4.01 or 5.01(1) (but subject to Sections 5.01(3) and 5.01(4)), the Construction Receiver shall only be required to pay interest accrued on the Loan (including default interest pursuant to Section 2.04), the principal amount of the Loan outstanding under the Credit Facility (whether before or after an Event of Default or acceleration) and all other Obligations from time to time only out of and from (i) receipts of Gross Sale Proceeds from the sale of Units or other income from the Units or the realization thereof, and (ii) receipts of sales proceeds, rental (including occupation rent) or other income from, or the realization of, the Leslieville Project (other than the Units) and any and all other property, assets and undertaking of UC Leslieville (collectively the amounts in clauses (i) and (ii) being herein called “**Proceeds for Distribution**”), in each case, as and when such Proceeds for Distribution become available for distribution by the Construction Receiver to the Lender in the UC Receivership Proceedings; provided that nothing hereinbefore provided shall limit any right or remedy which the Lender may have under Article 9, subject to compliance with the Settlement Approval Order and any other applicable order of the Court in the UC Receivership Proceedings.
- (3) All Proceeds for Distribution (net of the Receiver’s Reserve as contemplated by the Settlement Approval Order) shall be distributed by the Construction Receiver in accordance with and subject to the Waterfall approved under the Settlement Approval Order, unless otherwise ordered by the Court in the UC Receivership Proceedings. The Lender may apply any Proceeds for Distribution received from the Construction Receiver in payment of Obligations under this Agreement to such of the Obligations then outstanding as the Lender may determine in its discretion. Any principal portion of the Loan repaid by the Construction Receiver shall permanently reduce the Commitment by an equivalent amount and no such principal amount so repaid may thereafter be re-advanced.
- (4) The Lender acknowledges and agrees that during the Operating Phase, and provided no Event of Default has occurred and remains outstanding, the operating costs of the Leslieville Project (collectively, “**Operating Phase Costs**”) shall be paid from the interim occupancy revenues collected by the Construction Receiver or the Operating Manager from such Curzon Purchasers. To facilitate the payment of such Operating Phase Costs, the Operating Manager shall be authorized and required by the Construction Receiver (i) to collect such revenues, (ii) to pay Operating Phase Costs from the revenue so collected (so long as such Operating Phase Costs are at or below the amounts budgeted therefor in the Operating Budget), and (iii) to remit the positive balance (if any) remaining thereafter to the Construction Receiver (collectively, “**Remitted**”).

**Amounts**”). To the extent so remitted, the Construction Receiver (i) shall not be required to treat any Remitted Amounts as Proceeds for Distribution pursuant to Section 5.01(2), and (ii) may use any Remitted Amounts so retained for subsequent application in payment of any of its costs and expenses, provided that any such amounts that are not so used shall be distributed as Proceeds for Distribution and eventually distributed by the Construction Receiver at such time as may be determined by it.

## **ARTICLE 6 PLACE AND APPLICATION OF PAYMENTS**

### **6.01 Place of Payment of Principal, Interest and Fees**

All payments of principal, interest, fees and other amounts to be made by the Construction Receiver to the Lender pursuant to this Agreement will be made in the currency in which the Loan is outstanding for value on the day such amount(s) are distributed by the Construction Receiver in accordance with the Settlement Approval Order, by payment thereof to the Lender at the Lender’s Office or at such other place and by such other method as the Construction Receiver and the Lender may from time to time agree.

## **ARTICLE 7 COVENANTS**

### **7.01 Positive Covenants**

So long as this Agreement is in force and except as otherwise permitted by the prior written consent of the Lender, the Construction Receiver will:

- (1) Timely payment Make due and timely payment of the Obligations required to be paid by it hereunder in accordance with Section 5.01;
- (2) Use of Credit Facility Use the proceeds of the Credit Facility only for the purposes specified in Section 2.02;
- (3) Construction Lien Act (Ontario) Comply with the provisions of the *Construction Lien Act* (Ontario), including, without limitation, retaining the Holdbacks as required thereby; and
- (4) Purchaser Deposit Account Maintain or instruct Construction Receiver’s Counsel to maintain a separate trust account for Purchaser Deposits in respect of the Leslieville Project with Canadian Imperial Bank of Commerce during the term of this Agreement and cause all Purchaser Deposits in respect of the Leslieville Project to be deposited to and all releases of Purchaser Deposits in respect of the Leslieville Project to be paid from such trust account.

### **7.02 Negative Covenants**

So long as this Agreement is in force and the Obligations remain outstanding and except as otherwise permitted by the prior written consent of the Lender, the Construction Receiver will not:

- (1) No Sale of Project Dispose of or Lease any of the Leslieville Project other than as provided under the Settlement Approval Order.
- (2) No Encumbrances Create, incur, assume or permit to exist any Encumbrance upon the Leslieville Project Lands or any other property and assets of UC Leslieville except Permitted Encumbrances; or
- (3) New Debt Incur any Debt other than Permitted Debt.

## **ARTICLE 8 SECURITY**

### **8.01 Security**

As general and continuing security for the payment and performance of the Obligations, the Lender shall be granted a fixed and specific Court ordered charge on the whole of the Property of UC Leslieville, which Court ordered charge shall confer priority in favour of the Lender in terms of the order of payment and the ranking of security in the manner contemplated in the Settlement Approval Order.

## **ARTICLE 9 DEFAULT**

### **9.01 Events of Default**

The occurrence of any one or more of the following events will constitute an event of default ("**Event of Default**") under this Agreement:

- (1) if the Construction Receiver fails to pay any Obligation when due;
- (2) if the Construction Receiver breaches any covenant in Section 7.02 and has received written notice thereof from the Lender;
- (3) if the Construction Receiver neglects to observe or perform, in any material respect, any covenant or obligation contained in this Agreement or any other Loan Document on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section 9.01 or in such Loan Document) and the Construction Receiver fails to remedy such default within 30 days from the date the Lender delivers written notice of the default to the Construction Receiver, or where the Lender (having regard to the subject matter of the default) has agreed, acting reasonably, that such default cannot be cured within such 30 days, such longer period as is required so long as the Construction Receiver is diligently proceeding at all times to cure such default and provided that, in any event, such cure period shall not extend longer than four months without the consent of the Lender in its sole and absolute discretion; or
- (4) any Catastrophic Event (as defined in the Construction Contract occurs); or

- (5) the existence or occurrence of any event or circumstance described in Section 3.01 or 3.02 which would effectively disentitle the Construction Receiver from obtaining a disbursement from the Loan Disbursement Account.

## 9.02 **Acceleration and Enforcement**

- (1) If any Event of Default occurs:
  - (a) the Lender may, upon written notice to the Construction Receiver, terminate the right of the Construction Receiver to disburse any further funds from the Loan Disbursement Account; provided however, that the Construction Receiver shall be entitled to exercise all rights and remedies it may have from time to time with respect to all amounts in the Loan Disbursement Account provided under either or both of the Craft C&D Contracts in the event of a default by Craft thereunder;
  - (b) the Lender may, at its option and in any event on delivery of written notice to the Construction Receiver, demand repayment of the outstanding principal amount of the Loan and all other Obligations, whereupon such principal amount and such other Obligations shall become immediately due and payable with interest thereon, at the rate or rates determined as herein provided to the date of actual payment thereof, all without further notice, presentment, protest, demand, notice of dishonour or any other demand or notice whatsoever, all of which are hereby expressly waived by the Construction Receiver; provided however that such repayment shall (i) only be made to the extent of and from Proceeds for Distribution in the priority and order of payment of the Obligations as set out in the Settlement Approval Order and (ii) be in accordance with the Settlement Approval Order; and
  - (c) the Lender may, in its sole and absolute discretion (but subject to the further order of the Court, if required under the Receivership Order (including Section 11 thereof, if applicable) and/or under the Settlement Approval Order), exercise any right or recourse and proceed by any action, suit, remedy or proceeding under the Security or Applicable Law, including any right, recourse, action, suit, remedy or proceeding authorized or permitted in the UC Receivership Proceedings or under the Settlement Approval Order, for the recovery of all the Obligations to the Lender and whether or not the Lender has exercised any of its rights under the foregoing clause (a); provided however that repayment of the Obligations shall only be made in accordance with the Settlement Approval Order and to the extent of and from Proceeds for Distribution in the priority and order of payment of the Obligations as set out in the Settlement Approval Order.
- (2) The Lender is not under any obligation to the Construction Receiver or any other Person to realize upon any collateral or enforce the Security or any part thereof or to allow any of the collateral to be dealt with or Disposed of. The Lender is not responsible or liable to the Construction Receiver or any other Person for any loss or damage arising from such realization or enforcement or the failure to do so or for any act or omission on its part or on the part of any director, officer,

employee, agent or adviser of any of them in connection with any of the foregoing.

9.03 **Remedies Cumulative**

For greater certainty, it is expressly understood that the rights and remedies of the Lender as against the estate of UC Leslieville hereunder or under any other Loan Document or instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity. Any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or any other Loan Document will not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled in connection with such default or breach.

9.04 **Perform Obligations**

Subject to the Settlement Approval Order, if an Event of Default has occurred and is continuing and if the Construction Receiver has failed to perform any of its covenants or agreements in the Loan Documents, the Lender, may, but will be under no obligation to, perform any such covenants or agreements in any manner deemed fit without thereby waiving any rights to enforce the Loan Documents. The reasonable expenses (including any legal costs) paid by the Lender in respect of the foregoing will be an Obligation and will be secured by the Security..

9.05 **Third Parties**

It is not necessary for any Person dealing with the Lender or any agent of the Lender to inquire whether the Security has become enforceable, or whether the powers that the Lender is purporting to exercise may be exercised, or whether any Obligations remain outstanding upon the security thereof, or as to the necessity or expediency of the stipulations and conditions subject to which any sale is to be made, or otherwise as to the propriety or regularity of any Disposition or any other dealing with the collateral charged by such Security or any part thereof.

9.06 **Application of Payments**

From and after the occurrence of an Event of Default which is continuing, all payments made by the Construction Receiver hereunder or received from Proceeds for Distribution will be applied to amounts due under the Obligations, all as determined by the Lender, but subject to and otherwise in accordance with the Settlement Approval Order.

**ARTICLE 10  
GENERAL**

10.01 **Addresses, Etc. for Notices**

The mailing addresses and addresses for electronic communications for the purposes of notices and other communications to the Construction Receiver and the Lender are set out on the signature pages of this Agreement.

10.02 **Governing Law and Submission to Jurisdiction**

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

10.03 **Effect of Assignment**

For greater certainty, an assignment by the Lender of its rights hereunder will not constitute a repayment, discharge, rescission, extinguishment or novation of any extension of credit by the Lender under this Agreement or interest therein, and the obligations so assigned will continue to be the same obligations and not new obligations.

10.04 **Severability**

If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any of the parties.

10.05 **Further Assurances**

The Construction Receiver and the Lender will promptly cure any default by it in the execution and delivery of this Agreement, the Loan Documents or of any of the agreements provided for hereunder to which it is a party. Prior to its discharge as Construction Receiver under the UC Receivership Proceedings and during the term of this Credit Agreement, the Construction Receiver will promptly execute and deliver to the Lender, upon request, all such other and further documents, agreements, opinions, certificates and instruments in compliance with, or for the accomplishment of the covenants and agreements of the Construction Receiver hereunder or more fully to state the obligations of the Construction Receiver as set forth herein or to make any recording, file any notice or obtain any consent, all as may be reasonably necessary or appropriate in connection therewith.

10.06 **Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the Construction Receiver and the Lender. No waiver of any breach of any provision of this Agreement and no consent required hereunder will be effective or binding unless made in writing and signed by the party purporting to give the same. Unless otherwise provided, any waiver or consent given hereunder will be limited to the specific breach waived or matter consented to, as the case may be, and may be subject to such conditions as the party giving such waiver or consent considers appropriate.

10.07 **Reasonableness**

Until the occurrence of an Event of Default, unless specifically specified otherwise herein, in respect of the exercise of any discretion or the giving of any consents or approval under this Agreement, the Lender shall act in a reasonable and timely manner, bearing in mind the scope, magnitude and complexity of the Leslieville Project and the financial and development expertise of the Construction Receiver.

10.08 **Time of the Essence**

Time is of the essence of this Agreement.

***[Signature pages follow]***

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

**CONSTRUCTION  
RECEIVER:**

**ALVAREZ & MARSAL CANADA INC., solely in its capacity as Court Appointed Receiver and Manager and Construction Lien Trustee of URBANCORP (LESLIEVILLE) DEVELOPMENTS INC., URBANCORP (RIVERDALE) DEVELOPMENTS INC. and URBANCORP (THE BEACH) DEVELOPMENTS INC. and not in its personal or corporate capacity**

Royal Bank Plaza, South Tower 200 Bay  
Street, Suite 2900  
P.O. Box 22  
Toronto, Ontario, M5J 2J1  
Attention:  
Ryan Gruneir and Tony Zaspalis  
Facsimile No.: 416-847-5201  
Email: rgruneir@alvarezandmarsal.com  
tzaspalis@alvarezandmarsal.com

By:

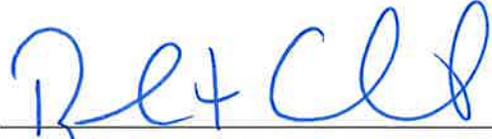
  
Name: Douglas R. McIntosh  
Title: President, Alvarez & Marsal  
Canada Inc.

**LENDER:**

10 Queen Elizabeth Blvd.  
Suite #2  
Etobicoke, Ontario  
M8Z 1L8  
Attention: President  
Facsimile No.: 416-979-9996

**C.R.A.F.T. DEVELOPMENT CORPORATION**

By:



Name: Robert Sabato  
Title: Director and authorized signing officer

Name:

Title:

**SCHEDULE A  
LEGAL DESCRIPTION OF PROJECT LANDS**

**Leslieville Project Lands - 50 Curzon Street, Toronto, Ontario**

**PIN 21051-0408 (LT)**

**Owner: Urbancorp (Leslieville) Developments Inc.**

Firstly: Part Lot 11, Plan 61E Toronto; Part Lot 11, Concession 1 FTB, designated as Part 2, Plan 66R-25636; Secondly: Part Lot 11, Concession 1 FTB designated as Part 1, Plan 66R-25636; Thirdly: Part Lot 11, Concession 1 FTB commencing at an iron bar in the western limit of Curzon Street, distant 595.81 feet measured northerly therealong from the northern limit of Queen Street East; Thence north 16 degrees 00 minutes west along the said western limit of Curzon Street a distance of 65.70 feet to an iron bar; thence south 74 degrees 22 minutes 20 seconds west a distance of 252.43 feet to an iron pipe in the eastern limit of Lot 8, according to a Plan filed in the said Registry Office as number 61E; thence south 17 degrees 06 minutes east along the eastern limits of Lots 8 and 9 according to said Plan 61E a distance of 66.00 feet to a spike in a stump; Thence north 74 degrees 18 minutes 20 seconds east a distance of 251.17 feet to the point of commencement; subject to an easement as in AT2958528; subject to an easement as in AT3708202, subject to an easement as in AT3728135, City of Toronto