

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

**BETWEEN:**

**FIRST SOURCE FINANCIAL MANAGEMENT INC.**

Applicant

- and -

**UNIONVILLE RE-DEV CORPORATION,  
UNIONVILLE RE-DEV PHASE 2 CORPORATION, and  
BLACKSMITH PARTNERS INC.**

Respondents

**SUPPLEMENTAL REPORT TO THE FIRST REPORT OF THE RECEIVER**

**JANUARY 28, 2021**

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## I. INTRODUCTION

1. Pursuant to an application made by First Source Financial Management Inc. (“**First Source**”), by Order of the Ontario Superior Court of Justice (the “**Court**”) dated October 16, 2020, with effect from October 27, 2020, RSM Canada Limited (“**RSM**” or the “**Receiver**”) was appointed as receiver of the properties municipally known as 160, 162, 166, 170, 174-178, and 186 Main Street, Unionville, Ontario owned by the Respondents (the “**Properties**”). On October 29, 2020, and subsequently on January 4, 2021, certain amendments were made to the appointment order pertaining to the description of the properties subject to the receivership (such order, as amended, the “**Appointment Order**”).
2. The First Report of the Receiver dated December 22, 2020 (the “**First Report**”) was filed in connection with a motion by the Receiver seeking, inter alia, an Order:
  - i) amending the Appointment Order to make a correction to the municipal address for certain of the Properties;
  - ii) terminating the 269 Lease (as defined in the First Report);
  - iii) directing that Mr. Harshall Dave:
    - a. deliver to the Receiver by no later than January 12, 2021 certain information relating to the Properties in his, or the Respondents’, power, possession or control; and
    - b. comply in a timely fashion with any further requests made by the Receiver for information or documents relating to the Properties; and

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iv) approving the Sale Process and authorizing the Receiver to enter into the Listing Agreement (defined below) with Colliers and to list and market the Properties in accordance with the recommendations of the Receiver as set out in this First Report.

3. This Supplemental Report should be read in conjunction with the First Report, including the Terms of Reference contained therein. Capitalized terms herein have the same definition as in the First Report.

## **II. SCHEDULING OF THE FEBRUARY 8 MOTION**

4. Shortly prior to the return of the January 4, 2021 motion, counsel for 269, the tenant under the 269 Lease, contacted the Receiver to request a two-week adjournment of the motion to allow 269 to prepare responding materials opposing termination of the 269 Lease.
5. In addition, Counsel for the Respondents and their principal, Mr. Harshall Dave, contacted the Receiver to request an adjournment of the motion “to be able to properly review the matters raised on the motion, including with respect to the listing proposals and the Receiver’s recommendation to select Colliers. Respondents’ counsel also requested disclosure of the Confidential Appendices to the First Report and asked that the motion be adjourned to a date that was 45-60 days after the provision of such information.
6. The Receiver did not oppose the request for adjournment by 269, but asked that the adjournment be brief, so as not to unduly delay progression of the Sale Process for the Properties. At the attendance on January 4, 2021, before the Honourable Cavanagh J., the Receiver’s motion was adjourned to the next available date,

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which, as of that time, was March 24, 2021. Attached as **Appendix “A”** is a copy of the Endorsement of Cavanagh J. dated January 4, 2021.

7. On January 11, 2021, the Receiver provided counsel for the Respondents with a draft Non-Disclosure and Non-Participation Agreement (the “**NDA**”) required by the Receiver to be executed by the Respondents prior to the Receiver’s disclosure of the Confidential Appendices to the First Report. As of the date of this Supplemental Report, the Respondents have not executed the NDA, nor provided any comments in connection with same.
8. In consultation with the intended listing agent, Colliers, and having regard to the interests of the stakeholders and the implications of a lengthy delay in commencement of the Sale Process (including the accrual of approximately \$200,000 per month in interest on the debt outstanding to the senior secured creditor), the Receiver determined that the best course of action would be to commence the Sale Process as soon as possible.
9. Furthermore, based on the Sale Process timeline recommended by Colliers, it was the Receiver’s view that if the Sale Process was commenced during the third week of January 2021, the scheduled hearing date of March 24, 2021 could likely be used not only for approval of the Sale Process, but also for approval of any selected offer(s) to purchase the Properties, which were made on a non-conditional basis.
10. Colliers advised the Receiver, however, that completion of the Sale Process without any determination or certainty of the 269 Lease termination issue could have a detrimental effect on the Sale Process, impair the Receiver’s ability to

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maximize value and may discourage interested parties from committing resources towards making an offer to purchase those properties subject to the 269 Lease. Accordingly, through consultation with the Commercial List scheduling office and with the cooperation of counsel for 269, an earlier date of February 8, 2021 was obtained and scheduled for the hearing of the 269 Lease termination issue.

11. On January 13, 2021, the Receiver sent correspondence to the service list parties informing as to the advanced hearing date for the 269 Lease issue and advising of the Receiver's intention to commence the Sale Process and, if possible, seek Court approval of selected offers on the March 24, 2021 date, together with approval of the Sale Process. A copy of the January 13, 2021 email is attached as **Appendix "B"**.
12. Counsel for the Respondents communicated its objection to the commencement of the Sale Process, scheduling a Case Conference for January 15, 2021 to address its concerns with the Court. The January 15, 2021 Case Conference proceeded before the Honourable Gilmore J. Justice Gilmore accepted the Receiver's position that the Court had already authorized the Receiver to market the Properties for sale in the Appointment Order and that there was no basis for ordering that the Receiver be restrained from commencing the Sale Process. The Endorsement of Gilmore J. dated January 15, 2021 is attached as **Appendix "C"**.
13. At the Receiver's request, Justice Gilmore furthermore:
  - i) ordered a timetable for materials in relation to the 269 Lease termination issue; and

- ii) directed that Mr. Dave instruct KLM Planning Partners Inc. (“**KLM**”) to release certain documents relating to the Properties in the possession of KLM, who had expressed concern about releasing such documents without first obtaining the consent of Mr. Dave.

### **III. STATUS OF THE 269 LEASE TERMINATION ISSUE**

14. 269 has complied with the timetable established by the Endorsement of Gilmore J. dated January 15, 2021 and delivered Responding materials. The timetable set by Gilmore J. contemplated that cross examinations, if any, were to be conducted on January 29, 2021.
15. In discussions prior to delivery of 269’s Responding materials, and as addressed in the First Report, the Receiver had requested that 269 provide evidence capable of substantiating the timing of execution of the 269 Lease, which is itself undated, in order to confirm that the document was not executed after, or on the eve of, the receivership. Following its review of the Responding materials, the Receiver is of the view that this issue is not adequately addressed therein.
16. In lieu of examinations, counsel for the Receiver and 269 agreed that it would be more practical for 269 to provide an undertaking, which would form part of the evidence of Ms. Mizrachi, 269’s affiant, to produce documentation relevant to the formation and timing of the 269 Lease and forego formal cross examinations.
17. Pursuant to this arrangement, the Receiver has requested that 269 produce to the Receiver by the end of day on Monday February 1, 2021, the following:
  - i) copies of all written correspondence between 269 and the owner:

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- a) containing negotiations or discussions relating to terms of the 269 Lease;
  - b) exchanging any drafts of the 269 Lease; and
  - c) delivering executed copies of the 269 Lease; and
- ii) if requested, copies of such correspondence in original and unedited electronic format.

#### IV. STATUS OF THE KLM DOCUMENTATION

18. Following the January 15, 2021 Case Conference, the Receiver made several requests of KLM for those documents more particularly set out in the First Report (the “**KLM Documents**”), as well as requests of Mr. Dave that he consent to the release of same as directed. Correspondence between the Receiver, KLM and counsel for Mr. Dave/the Respondents is attached as **Appendix “D”**.
19. On January 26, 2021, counsel for Mr. Dave/the Respondents advised, for the first time, that his clients’ position was that the KLM Documents were property of Watford Development Inc. (“**Watford**”), subject to a Development Management Agreement between Watford and the Respondents, and that Watford opposed their use for any purpose without the consent of Watford.
20. Watford, of which Mr. Dave is a Director and Officer, is a related company to the Respondents. The Corporation Profile Report for Watford is attached as **Appendix “E”**. The Development Management Agreement provided by counsel for the Respondents is attached as **Appendix “F”**.

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21. The Receiver has requested that counsel for the Respondents provide evidence to substantiate their claim that the KLM Documents are not owned by the Respondents, which assertion appears to contradict other documentation in the possession of the Receiver, as well as documentation provided by KLM. Attached as **Confidential Appendix “G”** is a copy of a January 29, 2019 letter from KLM to Unionville Re-Dev Corporation. Attached as **Confidential Appendix “H”** is a copy of correspondence from KLM responding to questions from the Receiver regarding ownership of the KLM Documents.

#### **V. USE OF THE KLM DOCUMENTATION**

22. The KLM Documents are documents generated in preparation for seeking the municipal approvals necessary in relation to the intended Proposed Development (as referenced in the First Report).
23. As discussed in the First Report, the Sale Process is proceeding on the basis of the As-Is Approach, meaning that the Receiver has determined that it would not be in the best interests of the stakeholders for the Receiver to pursue acquisition of the additional properties (i.e., properties that are not subject to this receivership) needed to complete the assembly of properties required for the Proposed Development (the **“Third Party Properties”**).
24. It is, however, intended that Colliers will nonetheless market the Properties to developers as a potential development opportunity, with the responsibility for establishing any necessary arrangements with the owners of the Third Party Properties falling on the purchaser.



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25. Colliers has advised that the KLM Documents would be of significant interest to potential purchasers from the development community and has requested that, if possible, these be included in the data room for the Properties and available for review by potential purchasers.
  26. The Receiver has agreed with the Respondents and KLM to receive the KLM Documents on the basis that these will not be further disclosed or used without the consent of Mr. Dave/Watford or, otherwise, Court authorization.
  27. The Receiver requests that the Court authorize the Receiver to provide the KLM Documents to Colliers for the purpose of making these available to potential purchasers of the Properties who have signed confidentiality agreements and have been granted access to the data room.

All of which is respectfully submitted to this Court as of this 28<sup>th</sup> day of January, 2021.

**RSM CANADA LIMITED**

In its capacity as Court-appointed Receiver of the properties municipally known as 160, 162, 166, 170, 174-178, and 186 Main St., Unionville, Ontario and not in its personal or corporate capacity.



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT  
Senior Vice President

**APPENDIX "A"**

**Stewart Thom**

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**From:** Cavanagh, Justice Peter (SCJ) [REDACTED]  
**Sent:** January 4, 2021 2:23 PM  
**To:** Stewart Thom; jeff.larry@paliarerland.com; daniel.rosenbluth@paliarerland.com; wf@friedmans.ca; MR@friedmans.ca; Diane.Winters@justice.gc.ca; maclean@bellnet.ca; jvirgilio@virgiliolaw.com  
**Cc:** JUS-G-MAG-CSD-Toronto-SCJ Commercial List  
**Subject:** Court File No. CV-20-00647644-00CL [First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.]  
**Attachments:** CV-20-00647644-00CL\_Amending Order January 4 2021.PDF; Court File No. CV-20-00647644-00CL\_Amended Appointment Order (January 4, 2021 Amendments).pdf

This is an external email.

**Endorsement:**

1. I am satisfied that the appointment order should be amended as requested. Orders to issue in forms of attached orders signed by me.
2. The Receiver's motion seeks an order terminating a lease by 2692006 Ontario Inc. ("269") in respect of properties at 160 Main Street and 162/166 Main Street, Unionville Ontario. 269 opposes this motion, and asks for an adjournment to respond. The adjournment request was not opposed by the Receiver. This motion is adjourned to March 24, 2021 at 10:00 a.m. for one hour.

Cavanagh J.

**APPENDIX "B"**

**Stewart Thom**

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**From:** Stewart Thom  
**Sent:** January 13, 2021 5:18 PM  
**To:** jeff.larry@paliareroland.com; daniel.rosenbluth@paliareroland.com; wf@friedmans.ca; MR@friedmans.ca; 'diane.winters@justice.gc.ca'; Insolvency.Unit@ontario.ca; maclaw@bellnet.ca; trassos@grrlaw.ca  
**Subject:** CV-20-00647644-00CL (First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.)

To the service list,

As you are aware, on January 4, 2021 the Receiver's motion for, *inter alia*, termination of the lease for the 160-166 Main St. Unionville properties and approval of the proposed sales process for all properties under receivership was adjourned to March 24, 2021. Since the adjournment of the prior motion, an earlier date of February 8, 2021 has been obtained from the court for the purpose of determining the first issue above, the lease termination issue.

The original motion materials were served on December 22, 2020, and since that time no party has articulated to the Receiver any basis for opposing the relief sought in connection with the other issue raised on the motion, the Sales Process approval, or stated an objection to the Sales Process proposed therein. Furthermore, having regard to the interests of the stakeholders, the Receiver is of the view that the Sales Process for the properties should be commenced at this time, and that a significant delay in its commencement would have a prejudicial effect on the creditors. As such, the Receiver intends to execute the listing agreement with Colliers and commence the marketing process for the properties immediately. It is likely that the March 24, 2021 date will be used not only for the approval of the Sales Process, but may also be used for the purpose of seeking approval of the sale of the properties. Supplemental Reporting from the Receiver will be filed in advance of the hearing date in connection with any additional relief which may be sought.

The Sales Process, and any resulting sale, continue to be subject to court approval. Interested parties will have the opportunity to participate at such time as the relevant approvals are sought, or they may otherwise take such steps as deemed appropriate.

Please feel free to contact the Receiver should there be any concerns regarding the foregoing.

Yours truly,

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**Stewart Thom**

Tel: 416-777-5197  
Fax: 1-877-689-3872  
[sthom@torkinmanes.com](mailto:sthom@torkinmanes.com)  
[VCard](#)

**Torkin Manes LLP**

Barristers & Solicitors

Ranked the #1 Ontario Regional Law Firm by Canadian Lawyer

151 Yonge Street, Suite 1500  
Toronto ON M5C 2W7  
[torkinmanes.com](http://torkinmanes.com)

**APPENDIX "C"**

**Stewart Thom**

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**From:** Gilmore, Madam Justice Cory (SCJ) [REDACTED]  
**Sent:** January 15, 2021 1:59 PM  
**To:** Jeff.Larry@paliarerland.com; Stewart Thom; mr@friedmans.ca  
**Cc:** JUS-G-MAG-CSD-Toronto-SCJ Commercial List  
**Subject:** First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.

This is an external email.

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**Endorsement of Gilmore, J.**

This conference was requested by Mr. Russell on behalf of the debtors. He is concerned that the Receiver is accelerating the sales process while his clients still have questions and concerns about the marketing process. A Receivership Order was granted by me in this proceeding October 16, 2020. In accordance with the usual provisions of such Orders, the Receiver is authorized to take possession of and sell, convey or transfer the subject properties. The Receiver is poised to sign a listing agreement with Colliers to commence a seven week marketing plan which is composed of three weeks of "soft" marketing and four weeks of the usual open market marketing. There is a motion scheduled for February 8, 2021 at which the Receiver seeks to terminate a lease for one of the properties. Assuming such an Order is obtained, the Receiver will be free to move from soft to more aggressive marketing of the properties.

Mr. Russell, on behalf of the debtors raises a number of issues as follows:

1. The Debtors intend to respond to the motion date originally set by the Receiver for March 24, 2021 to approve the sale process and authorize a listing agent.
2. The debtors require information about the sales process including reviewing listing proposals which the Receiver has withheld from its motion materials as confidential information. The debtors have concerns about the way in which the properties are to be marketed given their development potential and the personal guarantees at stake.
3. The Receiver has provided a draft NDA which would permit the debtors to review the confidential material (subject to a non-participation clause). The debtors need more time to review this.
4. The debtors do not intend to delay. Their concerns can be addressed as part of the February 8<sup>th</sup> motion.

The Receiver makes the following response:

1. The Receiver does not require approval to proceed with a sales process. The authorization is already contained in the October 15, 2020.
2. Over \$100,000 in interest accumulates each month that goes by without a sale taking place.
3. Colliers is an experience commercial realtor whose marketing plan should be given weight.
4. The debtors have refused to provide access to certain documents in possession of KLM Planning Partners. The Receiver seeks an Order today compelling such production. The debtors oppose such an order and seek to have the matter dealt with on February 8, 2021.
5. The debtors received a copy of the NDA on Monday and have still not provided their comments. The delays requested by the debtors will interfere with the marketing plan recommended by Colliers.

I agree with the Receiver that the debtors are essentially asking the court to restrain it from moving ahead with a sales process that has already been approved by the Court. I do not make any Order with respect to delaying the signing of the listing agreement with Colliers or the sales process in general. The debtors have had time to sign the NDA but have

not dealt with it. They can still do so and obtain the confidential materials if they intend to take steps to bring a proper motion for relief in relation to the sales process at some future point.

The KLM Planning Partners documents should be produced by the debtors (on instruction to KLM) without the necessity of a motion. If they are not, the Receiver may request this relief at the February 8, 2021 motion.

In addition, this court orders that the following timetable be complied with in respect of the Receiver's motion for termination of the 269 Lease, as defined in the First Report, scheduled to be heard on February 8, 2021:

- 269's materials responding to the lease termination issue to be served on or by January 26, 2021
- Any supplemental report from the Receiver, if necessary, to be served by January 28, 2021
- If any examination of 269's affiant is required, such examination shall be conducted on January 29, 2021
- The Receiver's factum is to be served on or by February 2, 2021
- 269's factum is to be served on or by February 5, 2021

I would ask that Mr. Thom circulate this email to any other interested parties.

January 15, 2021



**Madam Justice Cory A. Gilmore**  
**Ontario Superior Court of Justice**  
**361 University Avenue**  
**4<sup>th</sup> Floor**  
**Toronto, Ontario**  
**M5G 1T3**



**APPENDIX "D"**

**Stewart Thom**

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**From:** Stewart Thom <sthom@torkinmanes.com>  
**Sent:** January 28, 2021 12:35 PM  
**To:** Mark Russell  
**Cc:** Julian Nawrocki; Daniel Weisz (Daniel.Weisz@rsmcanada.com); Berger, Jeff (jeff.berger@rsmcanada.com)  
**Subject:** RE: First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.  
**Attachments:** KLM Due Diligence Update (January 29 2019).pdf

As indicated in my correspondence of yesterday, the Receiver confirms that it will not use or further disclose (other than to the court for the purpose of seeking a determination as to what use may be made of them) the received documents without first obtaining either consent from your client or court authorization.

Please provide me with evidence substantiating Watford's ownership of the documentation in question. This is not consistent with the Receiver's understanding as to the ownership of these. Please see the attached letter from KLM, for example, which appears to evidence that KLM was engaged by Unionville Re-Dev, and not Watford.

I have requested confirmation from KLM as to who retained KLM and paid for, or was invoiced for, the work in question. I have not yet received any response. Please provide me with a copy of the contract or agreement between Watford and KLM, should one exist, and advise as to why the attached communication would have been addressed to Re-Dev, and not Watford, if Watford was indeed the client and the owner of the records in question.

Yours truly,

**Stewart Thom**  
 Tel: 416-777-5197  
 Fax: 1-877-689-3872

**Torkin Manes LLP**  
 Barristers & Solicitors

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**From:** Mark Russell <MR@friedmans.ca>  
**Sent:** January 28, 2021 12:11 PM  
**To:** Stewart Thom <sthom@torkinmanes.com>  
**Cc:** Julian Nawrocki <nawrocki@fnlawyers.com>  
**Subject:** RE: First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.

**This is an external email.**

Stewart,

I write further to my email of January 25<sup>th</sup>, below, to which I have not received your response.

Mr. Dave does not object for the Receiver to receive a copy of the KLM materials that contain the underlying intellectual property owned by Watford Development Inc. (collectively, the "development materials") for review by the Receiver only, which is consistent with the ambit of the Records requirement under paragraph 5 of the Receiver's Appointment

Order and on the condition that the Receiver agrees it shall hold the development materials in strict confidence and undertakes that the development materials will not be disclosed to anyone, including without limiting the generality of the foregoing, they will not be placed in the data room or in any other way used in the sales process, unless by court order authorizing the same or the further written consent of Watford Development Inc. The same non-disclosure condition is already something that the Receiver has agreed to, per our January 12, 2021 email exchange.

Without limitation, it is our client's position that the Receiver is not authorized under the Appointment Order to disclose or otherwise utilize the development materials owned by Watford Development Inc. in the sales process, the Receiver is only entitled to receive a copy of the development materials for its own review as a Record under paragraph 5 of the Appointment Order on the terms above.

Please confirm that the Receiver agrees with the foregoing and we will arrange for delivery of the development materials.

We refer you to Justice Brown's decision in Canadian Solar Solutions Inc. v. RA Solar Leasing Inc., 2013 ONSC 671 in support of the above position.

Watford may consider specific requests from the Receiver to utilize its property in the data room for information purposes and subject to NDA upon request. To that end, we suggest that the Receiver, after reviewing the development materials, advise us if any of the development materials would be proposed to be used in the sale process. Watford could then determine if it has any objection to the specific disclosure request.

Regards,

Mark A. Russell

**FRIEDMANS**  
LAW FIRM

Friedman Law Professional Corporation

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**From:** Mark Russell

**Sent:** Monday, January 25, 2021 4:51 PM

**To:** Stewart Thom <[sthom@torkinmanes.com](mailto:sthom@torkinmanes.com)>; [MSmith@klmplanning.com](mailto:MSmith@klmplanning.com)

**Subject:** RE: First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.

Stewart

For clarity, my prior email related to the fact that the scope of property over which the Receiver has authority is that of the Debtors as provided for in the Appointment Order.

The Appointment Order provides that the Receiver is appointed as receiver over the real property of the Debtors. It does not appoint the Receiver as receiver over non-real property or any property owned by companies other than the Debtors.

In this instance, I understand from Mr. Dave that KLM, which is a planner, was retained to submit an application to the City of Markham.

However, the intellectual property on which that planning application would be made (and hence what in effect you are requesting)– e.g. the development materials – are I am advised by Mr. Dave, the intellectual property of Watford Development Inc. The same is a valuable asset of Watford Development Inc. Under the Development Management Agreement (copy in my Jan 15<sup>th</sup> letter), Watford retains the rights to this property, including at section 3.8 “Ownership of Plans” which provides that Watford Development Inc. has the right to use the plans for any other works.

Accordingly, please set for me out your position as to why the Receiver would be entitled to receive Watford’s property. I question what right the Receiver has to demand and obtain property to use in a sales process that it has no right sell.

Mark A. Russell

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**From:** Stewart Thom <[sthom@torkinmanes.com](mailto:sthom@torkinmanes.com)>

**Sent:** Friday, January 22, 2021 3:59 PM

**To:** Mark Russell <[MR@friedmans.ca](mailto:MR@friedmans.ca)>; [MSmith@klmplanning.com](mailto:MSmith@klmplanning.com)

**Subject:** RE: First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.

Mark/Marshall

I am not requesting the documents on behalf of the Debtors. I am requesting them on behalf of the Court appointed Receiver and in furtherance of the Receiver performing its duties. There is a legal obligation to cooperate with the Receiver and to release documents which relate to the properties, as set out under the Appointment Order of Justice Gilmore.

Please each advise as to who it is that you believe owns the documents. I would reiterate that this the information is within the scope of the duty to cooperate prescribed in the appointment order and there is a court ordered duty to provide it.

**Stewart Thom**

Tel: 416-777-5197

Fax: 1-877-689-3872

**Torkin Manes LLP**

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**From:** Mark Russell <[MR@friedmans.ca](mailto:MR@friedmans.ca)>  
**Sent:** January 20, 2021 4:19 PM  
**To:** Stewart Thom <[sthom@torkinmanes.com](mailto:sthom@torkinmanes.com)>; [MSmith@klmplanning.com](mailto:MSmith@klmplanning.com)  
**Subject:** RE: First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.

This is an external email.

Our firm represents Mr. Dave. I am reviewing this matter and will advise of our client's position. I understand that the materials are not owned by the Debtors on whose behalf Mr. Stewart is requesting the document

Until this issued is resolved, the materials should not be released. Her Honour's endorsement directs Mr. Dave to authorize KLM failing which the matter is to be dealt with Feb 8th. We will advise on our client's position accordingly in due course.

Friedmans Law  
Per  
Mark Russell

Sent from [Mail](#) for Windows 10

**From:** [Stewart Thom](#)  
**Sent:** Wednesday, January 20, 2021 4:10 PM  
**To:** [MSmith@klmplanning.com](mailto:MSmith@klmplanning.com)  
**Cc:** [Mark Russell](#)  
**Subject:** FW: First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.

Mr. Smith,

Further to the receiver's prior request for the release of documentation (correspondence attached) relating to the properties under receivership that may be in your possession or control, below please find the endorsement of the Court on this matter from January 15, 2021, in which the Court clearly indicates that these documents should be released to the receiver (relevant section highlighted below). If the documents are not released, further relief shall be requested from the Court on Feb 8, 2021 and we will serve KLM with the corresponding materials.

Please advise as to whether KLM objects to providing the requested documents and if so, the basis for its objection. I am copying counsel for Mr. Dave and the property owner on this correspondence.

Yours truly,

**Stewart Thom**  
Tel: 416-777-5197  
Fax: 1-877-689-3872

**Torkin Manes LLP**  
Barristers & Solicitors

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**From:** Gilmore, Madam Justice Cory (SCJ) [REDACTED]  
**Sent:** January 15, 2021 1:59 PM  
**To:** [Jeff.Larry@paliareroland.com](mailto:Jeff.Larry@paliareroland.com); Stewart Thom <[sthom@torkinmanes.com](mailto:sthom@torkinmanes.com)>; [mr@friedmans.ca](mailto:mr@friedmans.ca)  
**Cc:** JUS-G-MAG-CSD-Toronto-SCJ Commercial List <[MAG.CSD.To.SCJCom@ontario.ca](mailto:MAG.CSD.To.SCJCom@ontario.ca)>  
**Subject:** First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.

This is an external email.

#### Endorsement of Gilmore, J.

This conference was requested by Mr. Russell on behalf of the debtors. He is concerned that the Receiver is accelerating the sales process while his clients still have questions and concerns about the marketing process. A Receivership Order was granted by me in this proceeding October 16, 2020. In accordance with the usual provisions of such Orders, the Receiver is authorized to take possession of and sell, convey or transfer the subject properties. The Receiver is poised to sign a listing agreement with Colliers to commence a seven week marketing plan which is composed of three weeks of "soft" marketing and four weeks of the usual open market marketing. There is a motion scheduled for February 8, 2021 at which the Receiver seeks to terminate a lease for one of the properties. Assuming such an Order is obtained, the Receiver will be free to move from soft to more aggressive marketing of the properties.

Mr. Russell, on behalf of the debtors raises a number of issues as follows:

1. The Debtors intend to respond to the motion date originally set by the Receiver for March 24, 2021 to approve the sale process and authorize a listing agent.
2. The debtors require information about the sales process including reviewing listing proposals which the Receiver has withheld from its motion materials as confidential information. The debtors have concerns about the way in which the properties are to be marketed given their development potential and the personal guarantees at stake.
3. The Receiver has provided a draft NDA which would permit the debtors to review the confidential material (subject to a non-participation clause). The debtors need more time to review this.
4. The debtors do not intend to delay. Their concerns can be addressed as part of the February 8<sup>th</sup> motion.

The Receiver makes the following response:

1. The Receiver does not require approval to proceed with a sales process. The authorization is already contained in the October 15, 2020.
2. Over \$100,000 in interest accumulates each month that goes by without a sale taking place.
3. Colliers is an experience commercial realtor whose marketing plan should be given weight.
4. The debtors have refused to provide access to certain documents in possession of KLM Planning Partners. The Receiver seeks an Order today compelling such production. The debtors oppose such an order and seek to have the matter dealt with on February 8, 2021.
5. The debtors received a copy of the NDA on Monday and have still not provided their comments. The delays requested by the debtors will interfere with the marketing plan recommended by Colliers.

I agree with the Receiver that the debtors are essentially asking the court to restrain it from moving ahead with a sales process that has already been approved by the Court. I do not make any Order with respect to delaying the signing of the listing agreement with Colliers or the sales process in general. The debtors have had time to sign the NDA but have

not dealt with it. They can still do so and obtain the confidential materials if they intend to take steps to bring a proper motion for relief in relation to the sales process at some future point.

The KLM Planning Partners documents should be produced by the debtors (on instruction to KLM) without the necessity of a motion. If they are not, the Receiver may request this relief at the February 8, 2021 motion.

In addition, this court orders that the following timetable be complied with in respect of the Receiver's motion for termination of the 269 Lease, as defined in the First Report, scheduled to be heard on February 8, 2021:

- 269's materials responding to the lease termination issue to be served on or by January 26, 2021
- Any supplemental report from the Receiver, if necessary, to be served by January 28, 2021
- If any examination of 269's affiant is required, such examination shall be conducted on January 29, 2021
- The Receiver's factum is to be served on or by February 2, 2021
- 269's factum is to be served on or by February 5, 2021

I would ask that Mr. Thom circulate this email to any other interested parties.

January 15, 2021



**Madam Justice Cory A. Gilmore**  
**Ontario Superior Court of Justice**  
**361 University Avenue**  
**4<sup>th</sup> Floor**  
**Toronto, Ontario**  
**M5G 1T3**

## Disclaimer

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**Stewart Thom**

---

**From:** Stewart Thom <sthom@torikinmanes.com>  
**Sent:** January 20, 2021 4:10 PM  
**To:** MSmith@klmplanning.com  
**Cc:** Mark Russell  
**Subject:** FW: First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.  
**Attachments:** RE: Planning States re 160, 162, 166, 170, 174-178, and 186 Main Street, Unionville, Ontario

Mr. Smith,

Further to the receiver's prior request for the release of documentation (correspondence attached) relating to the properties under receivership that may be in your possession or control, below please find the endorsement of the Court on this matter from January 15, 2021, in which the Court clearly indicates that these documents should be released to the receiver (relevant section highlighted below). If the documents are not released, further relief shall be requested from the Court on Feb 8, 2021 and we will serve KLM with the corresponding materials.

Please advise as to whether KLM objects to providing the requested documents and if so, the basis for its objection. I am copying counsel for Mr. Dave and the property owner on this correspondence.

Yours truly,

**Stewart Thom**

Tel: 416-777-5197  
Fax: 1-877-689-3872

**Torkin Manes LLP**

Barristers & Solicitors

This email message, and any attachments, is intended only for the named recipient(s) above and may contain content that is privileged, confidential and/or exempt from disclosure under applicable law. If you have received this message in error, please notify the sender and delete this email message. Thank you.

**From:** Gilmore, Madam Justice Cory (SCJ) [REDACTED]  
**Sent:** January 15, 2021 1:59 PM  
**To:** Jeff.Larry@paliarerland.com; Stewart Thom <sthom@torikinmanes.com>; mr@friedmans.ca  
**Cc:** JUS-G-MAG-CSD-Toronto-SCJ Commercial List <MAG.CSD.To.SCJCom@ontario.ca>  
**Subject:** First Source Financial Management Inc. v. Unionville Re-Dev Corporation et al.

This is an external email.

---

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- ? The Receiver's factum is to be served on or by February 2, 2021
- ? 269's factum is to be served on or by February 5, 2021

I would ask that Mr. Thom circulate this email to any other interested parties.

January 15, 2021



*Madam Justice Cory A. Gilmore*  
*Ontario Superior Court of Justice*  
*361 University Avenue*  
*4<sup>th</sup> Floor*  
*Toronto, Ontario*  
*M5G 1T3*





**Stewart Thom**

---

**From:** Stewart Thom <sthom@torkinmanes.com>  
**Sent:** January 28, 2021 1:09 PM  
**To:** Mark Russell  
**Subject:** Fwd: Unionville Re-Dev Corporation et al.

See below, you were on the string, so I'm not sure why it wasn't received.

Sent from my iPhone

Begin forwarded message:

**From:** Stewart Thom <sthom@torkinmanes.com>  
**Date:** January 27, 2021 at 5:23:00 PM EST  
**To:** Julian Nawrocki <nawrocki@fnlawyers.com>  
**Cc:** mr@friemans.ca, kmackinnon@klmplanning.com, MSmith@klmplanning.com  
**Subject:** RE: Unionville Re-Dev Corporation et al.

Julian,

Thank you for your communication.

The Receiver is of the view that the documents requested are "Records" within the meaning set out in the Appointment Order, are related to the business and affairs of the property owners/Respondents (being UNIONVILLE RE-DEV CORPORATION, UNIONVILLE RE-DEV PHASE 2 CORPORATION and BLACKSMITH PARTNERS INC. ) and that the duty to provide access and cooperation requires that these be provided to the Receiver. Should any party object to the Receiver's use or further disclosure of the requested documents, the issue can be addressed with the Court, if necessary.

The Receiver is prepared to agree that any documents received from KLM will not be further disclosed or used for any purpose by the Receiver until such time as any objection being made by Mr. Dave or Watford has been resolved or determined by the Court. For clarity, notwithstanding the foregoing undertaking the Receiver may disclose some or all of the requested documents to the Court, on a confidential basis, for the purpose of seeking direction from the court in relation to same.

If KLM is agreeable to proceeding on the above basis, please advise as to how copies of the requested documents may be obtained and we will make any necessary arrangements.

I would also request that KLM please confirm, in relation to the work in question and generation of the requested documents:

- A. Was KLM engaged by or pursuant to an agreement with one or more of the Respondents, or by another party?

B. Were the Respondents invoiced by KLM for the work performed, or were invoices issued to another party? Were any payments received by KLM in connection with the work made by the Respondents?

For convenience, I have reproduced the relevant sections of the Appointment Order for reference. Copies of all relevant Court materials and Orders can be found at the following link as well: <https://rsmcanada.com/what-we-do/services/consulting/financial-advisory/restructuring-recovery/current-restructuring-recovery-engagements/main-street-unionville.html>

...

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege

attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

**Stewart Thom**

Tel: 416-777-5197  
Fax: 1-877-689-3872

**Torkin Manes LLP**

Barristers & Solicitors

This email message, and any attachments, is intended only for the named recipient(s) above and may contain content that is privileged, confidential and/or exempt from disclosure under applicable law. If you have received this message in error, please notify the sender and delete this email message. Thank you.

**From:** Julian Nawrocki <nawrocki@fnlawyers.com>  
**Sent:** January 27, 2021 12:05 PM  
**To:** Stewart Thom <sthom@torkinmanes.com>  
**Cc:** mr@frie-mans.ca; kmackinnon@klmplanning.com; msmith@klmplanning.com  
**Subject:** Unionville Re-Dev Corporation et al.

**This is an external email.**

---

Please refer to the attached correspondence.

**Julian R. Nawrocki**

**Feige Nawrocki LLP**

Barristers and Solicitors  
Suite 3300  
130 Adelaide Street West





FEIGE NAWROCKI LLP  
Barristers & Solicitors

Suite 3300  
130 Adelaide Street West  
Toronto, Ontario M5H 3P5  
Tel: (416) 366-8833  
Fax: (416) 366-3992

Julian R. Nawrocki, I.L.B.  
direct: (416) 366-3640  
nawrocki@fnlawyers.com

January 27, 2021

*by email to sthom@torkinmanes.com*

Stewart Thom  
Torkin Manes LLP  
Barristers and Solicitors  
151 Yonge Street  
Suite 1500  
Toronto, ON M5C 2W7

Dear Mr. Thom,

**Re: Unionville Re-Dev Corporation et al. – our client: KLM Planning Partners Inc.**

---

We are lawyers for KLM Planning Partners Inc. with whom you have been in communication in your capacity as counsel for the Receiver. KLM has conveyed to us various email chains concerning certain documents in its possession, as well as a copy of the Appointing Order of Justice Gilmore dated October 16, 2020, and a copy of Her Honour's endorsement of January 15, 2021.

We have been advised by our client that it has no objection to producing the documents in its possession. However, we have also been advised by counsel for the debtor and Watford Group that due to issues concerning intellectual property rights to the documents, he should like to request protection for those rights before the documents are released.

KLM has no wish to become involved. However, upon my reading of the endorsement, the documents are to be produced "by the debtors (on instructions to KLM)" and currently, KLM is not so instructed. Accordingly, I would be grateful if, upon the next attendance, you would advise



the court that KLM will comply with any order for production which the court may see fit to make.

If I am misinformed or otherwise offside, please call me at your convenience.

Yours very truly,  
FEIGE NAWROCKI LLP

A handwritten signature in black ink, appearing to read "Julian R. Nawrocki", with a large, stylized initial "J" and a trailing flourish.

Julian R. Nawrocki

JRN/js

cc: Mark A. Russell to [mr@friedmans.ca](mailto:mr@friedmans.ca)

cc: Keith MacKinnon to [KMacKinnon@KLMPPlanning.com](mailto:KMacKinnon@KLMPPlanning.com)

cc: Marshall Smith to [MSmith@KLMPPlanning.com](mailto:MSmith@KLMPPlanning.com)

**APPENDIX "E"**

Request ID: 025608265  
 Transaction ID: 77984987  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2021/01/27  
 Time Report Produced: 16:32:44  
 Page: 1

## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date	
2539668	WATFORD DEVELOPMENT INC.	2016/10/04	
		Jurisdiction	
		ONTARIO	
Corporation Type	Corporation Status	Former Jurisdiction	
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE	
Registered Office Address	Date Amalgamated	Amalgamation Ind.	
62 HEPBURN STREET	NOT APPLICABLE	NOT APPLICABLE	
	New Amal. Number	Notice Date	
MARKHAM ONTARIO CANADA L3S 3Z9	NOT APPLICABLE	NOT APPLICABLE	
Mailing Address		Letter Date	
62 HEPBURN STREET		NOT APPLICABLE	
	Revival Date	Continuation Date	
MARKHAM ONTARIO CANADA L3S 3Z9	NOT APPLICABLE	NOT APPLICABLE	
	Transferred Out Date	Cancel/Inactive Date	
	NOT APPLICABLE	NOT APPLICABLE	
	EP Licence Eff.Date	EP Licence Term.Date	
	NOT APPLICABLE	NOT APPLICABLE	
	Number of Directors Minimum      Maximum	Date Commenced in Ontario	Date Ceased in Ontario
	00001      00010	NOT APPLICABLE	NOT APPLICABLE
Activity Classification			
NOT AVAILABLE			

Request ID: 025608265  
 Transaction ID: 77984987  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2021/01/27  
 Time Report Produced: 16:32:44  
 Page: 2

## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2539668	WATFORD DEVELOPMENT INC.

Corporate Name History	Effective Date
WATFORD DEVELOPMENT INC.	2016/10/04

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
HARSHAL DAVE	62 HEPBURN STREET  MARKHAM ONTARIO CANADA L3S 3Z9

Date Began	First Director	
2016/10/04	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 025608265  
 Transaction ID: 77984987  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2021/01/27  
 Time Report Produced: 16:32:44  
 Page: 3

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2539668

WATFORD DEVELOPMENT INC.

**Administrator:**

**Name (Individual / Corporation)**

**Address**

HARSHAL

62 HEPBURN STREET

DAVE

MARKHAM  
 ONTARIO  
 CANADA L3S 3Z9

**Date Began**

**First Director**

2016/10/04

NOT APPLICABLE

**Designation**

**Officer Type**

**Resident Canadian**

OFFICER

PRESIDENT

Y

**Administrator:**

**Name (Individual / Corporation)**

**Address**

HARSHAL

62 HEPBURN STREET

DAVE

MARKHAM  
 ONTARIO  
 CANADA L3S 3Z9

**Date Began**

**First Director**

2016/10/04

NOT APPLICABLE

**Designation**

**Officer Type**

**Resident Canadian**

OFFICER

CHIEF EXECUTIVE OFFICER Y

Request ID: 025608265  
 Transaction ID: 77984987  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2021/01/27  
 Time Report Produced: 16:32:44  
 Page: 4

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2539668

WATFORD DEVELOPMENT INC.

**Administrator:**

Name (Individual / Corporation)

Address

FERNAND  
 HRACH  
 VARTAN

181 DUNBLAINE AVENUE

TORONTO  
 ONTARIO  
 CANADA M5M 2S6

Date Began

First Director

2016/10/04

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

**Administrator:**

Name (Individual / Corporation)

Address

FERNAND  
 HRACH  
 VARTAN

181 DUNBLAINE AVENUE

TORONTO  
 ONTARIO  
 CANADA M5M 2S6

Date Began

First Director

2016/10/04

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

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Province of Ontario  
Ministry of Government Services

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Page: 5

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Ontario Corp Number

Corporation Name

2539668

WATFORD DEVELOPMENT INC.

### Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2019/11/27 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.  
ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

**APPENDIX "F"**



DEVELOPMENT MANAGEMENT AGREEMENT

BY AND AMONG

UNIONVILLE RE DEV CORPORATION

- and -

WATFORD DEVELOPMENT INC.

DECEMBER 9th, 2016

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**SCHEDULE “C”: LAND ACQUISITION AGREEMENT.....**  
**SCHEDULE “D”: TRADEMARK LICENSING AGREEMENT.....**

**DEVELOPMENT MANAGEMENT AGREEMENT**

**THIS AGREEMENT** made as of the 9th day of DECEMBER 2016

**UNIONVILLE RE DEV CORPORATION**  
(hereinafter referred to as the “**Owner**”)

OF THE FIRST PART

- and -

**WATFORD DEVELOPMENT INC.**  
(hereinafter referred to as the “**Manager**”)

OF THE SECOND PART

**WHEREAS** the Owner has entered into an agreement to acquire certain lands and premises as further described in Appendix “A” and now or hereinafter acquired by the Owners and as amended from time to time to include such lands acquired for the purposes of the Project (the “**Property**”);

**AND WHEREAS** the Owner intends to Develop the Project (as hereinafter defined);

**AND WHEREAS** the Owner has agreed to engage the Manager to carry out certain development management services including the services as identified in Appendix B and the Schedules with respect to the Property and the Project in consideration of certain fees, all as set out in this Agreement.

**NOW THEREFORE THIS AGREEMENT WITNESSETH THAT** in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

**ARTICLE 1 INTERPRETATION**

**1.1 Definitions**

Unless the subject matter or context otherwise requires:

“**Accountants**” means • or such firm of Canadian chartered professional accountants as are from time to time designated by the Owner as the accountants with respect to the Project.

“**Affiliate**” of a party means any Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with that party. For purposes of this Agreement, the term “**control**” (including the terms “**controlled by**” and “**under common**”

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**control with**) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

**“Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder”** and similar expressions mean or refer to this Agreement as amended from time to time and any indenture, agreement or instrument supplemental or ancillary hereto or in implementation hereof, and the expressions **“Article”** and **“Section”** followed by a number or letter mean and refer to the specified Article or Section of this Agreement.

**“Approval”** or **“Approved”** means approval of or approved by the Owner in its sole and absolute discretion.

**“ASPE”** means, at any time, Accounting Standards for Private Enterprises in Canada as recommended in the Handbook of the Chartered Professional Accountants of Canada, at the relevant time applied on a consistent basis.

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

**“Commencement of Construction”** shall have the meaning ascribed thereto in the Construction Management Agreement.

**“Construction Cost”** shall have the meaning ascribed thereto in the Construction Management Agreement.

**“Construction Cost Estimate”** shall have the meaning ascribed thereto in the Construction Management Agreement.

**“Construction Management Agreement”** means the construction management agreement to be entered into between the Owner and the Construction Manager wherein the Owner retained the Construction Manager as construction manager for the construction of the Project.

**“Construction Manager”** means Watford Construction Inc. and its successors and permitted assigns.

**“Default”** means:

the failure of the Manager to perform its duties and discharge its obligations under this Agreement faithfully, competently and expeditiously and with due diligence in accordance with the Project Budget and Project Schedule, unless caused by Force Majeure which has not been cured to the satisfaction of the Owner within ten (10) Business Days of written notice of such default of the Owner; or

a breach by the Manager of any trust or fiduciary duty for funds received by the Manager or the Manager’s refusal to account for such funds within two (2) Business Days of a request from the Owner; or

an Event of Insolvency; or

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theft, embezzlement, defalcation or other act or omission constituting wilful misconduct or gross negligence of the Manager or those for whom the Manager are in law responsible in connection with the Project; or

any one of • are no longer employed by or providing services to or acting as a member of the board of directors for or with respect to the duties of the Manager or the Owner that controls the Manager.

**“Default Notice”** shall have the meaning set out in Section 7.2.

**“Event of Insolvency”** means, with respect to the Manager, the occurrence of any one or more of the following events:

(a) if, other than as expressly permitted hereby, the Manager shall:

be wound up, dissolved or liquidated, or become subject to the provisions of the *Winding-Up Act* (Canada), as amended or re-enacted from time to time, or have its existence terminated or have any resolution passed therefor;

file a Notice of Intention, make a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada), as amended or re-enacted from time to time, or seek to be declared bankrupt or insolvent; or

propose a compromise or arrangement under the *Companies’ Creditors Arrangement Act* (Canada) or any similar legislation, from time to time, or shall file any petition or answer seeking any re-organization, arrangement, composition, re-adjustment, liquidation, dissolution or similar relief for itself under any present or future *Bankruptcy and Insolvency Act* (Canada) or any other present or future law relative to bankruptcy, insolvency or other relief for debtors; or

if a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against the Manager seeking any reorganization, arrangement, composition, re-adjustment, liquidation, dissolution, winding up, termination of existence, declaration of bankruptcy or insolvency or similar relief under any present or future law relating to companies’ bankruptcy, insolvency or other relief for or against debtors, and the Manager shall acquiesce in the entry of such order, judgment or decree or such order, judgment or decree shall remain unvacated and unstayed for an aggregate of 30 days (whether or not consecutive) from the day of entry thereof; or if any trustee in bankruptcy, receiver, receiver and manager, liquidator or any other officer with similar powers shall be appointed for the Manager or of all or any substantial part of its property with the consent or acquiescence of the Manager or such appointment shall remain unvacated and unstayed for an aggregate of thirty (30) days (whether or not consecutive); or

if the Manager shall be insolvent.

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“**Fiscal Period**” means the period commencing on the date hereof and ending on • and thereafter each twelve (12) month period commencing on • and ending on • of the then current period.

“**Force Majeure**” has the meaning ascribed thereto in Section 10.5.

“**including**” (and variations thereof) means “including without limitation” and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it.

“**Leases**” means any agreement to lease, leases, renewals of leases, offers to lease and other rights which entitle any Person to possess or occupy space in the Project.

“**Local Law**” means all relevant statutes, regulations, official plans, zoning by-laws, development and site plan agreements, building codes, restrictive covenants and other applicable laws.

“**Management Fee**” has the meaning attributed to such term in Section 5.1.

“**Overhead Costs**” means the costs of the Manager for its off-site staff, employees and personnel, office rent (including additional rent) and utilities, telecommunication and IT devices and such other costs and expenses comprising the Manager’s overhead costs and expenses, including the cost of the Manager in keeping the financial books and records for the Project, as referred to in Section 5.2.

“**Permits**” means all building permits, occupational permits, consents, licences and approvals required from government or statutory authorities with respect to the Project.

“**Person**” means an individual, a partnership (general, limited or limited liability), a corporation, a limited liability Owner, an unlimited liability Owner, a government or any department or agency thereof, a trust, any unincorporated organization and the heirs, executors, administrators, estate trustees or other legal representatives of an individual; and words importing “**Person**” have similar meanings.

“**Plans**” shall have the meaning set out in Section 3.8.

“**Prime Rate**” means the rate of interest per annum established and quoted by • from time to time at Toronto as its prime rate for purposes of calculating interest on loans made to Canadian borrowers in Canadian dollars, provided that if • no longer exists, then the prime rate so established by the largest Schedule 1 Bank in Canada (determined by the aggregate amount of deposits then retained by such Bank).

“**Project**” shall mean the development and construction of a condominium, consisting of approximately 80,000-150,000 sq. ft. of gross floor area or maximum allowable by the City of Markham, of residential and commercial to be erected on the Property together with ancillary parking and storage units, which will be branded as a Watford project, and shall include all equipment, chattels and effects supplied to or erected on the Property and all agreements, plans, drawings, models, papers, Permits, matters or things pertaining to the Property.

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“**Project Budget**” or “” means a development and construction budget for the Project prepared by the Development Manager, as amended from time to time with the approval of the Owner which shall include, in detail:

- (a) all development and construction costs related to the Project;
- (b) the fees payable to the Development Manager, Construction Manager and Sales Manager for the Project;
- (c) estimates of legal and other consultant fees for the Project;
- (d) the estimated timing for construction of municipal services and utilities and the timing of payments required therefor for the Project;
- (e) proforma financial analysis of the Project;
- (f) a proforma annual statement of anticipated revenues and expenses and cash flow for the completed Project; and
- (g) such other information as the Owner may reasonably request from time to time;

“**Project Costs**” shall mean all costs incurred in accordance with the Project Budget or otherwise Approved by the Owner in connection with the leasing, ownership, maintenance, operation, development, construction and sale of the Project including, maintain, repair, insure and safeguard the Property, costs of developing the Property and obtaining all necessary governmental approvals, the costs of remediating the Property, if necessary, the cost of constructing the Project, marketing and selling the units, improvements and other components of the Project, provided that Project Costs shall specifically exclude Overhead Costs.

“**Project Monitor**” means the cost consultant, project manager or like consultant, architect or engineer retained by the Owner in its sole and absolute discretion during the construction phase of the Project to administer and control the draw downs and disbursements of construction financing secured for the Project.

“**Project Revenues**” means all gross revenues due and payable to the Owner from Leases or sales of portions of the Project including without limitation, the sale of Units, parking units and storage units in the Project, the sale of the retail component of the Project, in each case in accordance with the terms of this Agreement.

“**Project Schedule**” means a development and construction schedule outlining the proposed development timetable and construction timetable for the Project, prepared by the Manager and Approved by the Owner, as amended from time to time with the Approval of the Owner, including, without limitation: (a) the Manager’s reasonable estimate of the timing for each stage of the development process (including any zoning amendments) and for the bidding and construction phases of the Project; (b) key dates, deadline and milestone events and the critical path for completion of the Project; and (c) the various actions the Manager expects to undertake and the appropriate timing thereof.

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“**Property**” means the lands described in Schedule “A” attached hereto and all other property, whether real or personal, now or hereafter acquired, constructed or installed by the Owner in connection with such lands, and all present and future Permits, agreements of lease or sale and all other agreements now or hereafter entered into or binding upon the Owner in connection with such lands.

“**Reimbursable Costs**” shall have the meaning set out in Section 5.2.

“**Services**” means all of the functions and services provided by the Manager pursuant to this Agreement.

“**Standard of Care**” has the meaning ascribed thereto in Section 2.2.

“**Terminated Party**” has the meaning ascribed thereto in Section 7.6.

“**Unit**” means an individual residential or commercial condominium unit contained within the condominium portion of the Project, and “**Units**” means more than one Unit.

“**Written Order**” has the meaning ascribed thereto in Section 5.4.

#### 1.2 Interpretation Not Affected by Headings, etc.

Grammatical variations of any terms defined herein have similar meanings, and words shall be adjusted for number or gender as the context shall require. The division of this Agreement into separate Articles and Sections, the provision of a table of contents and index thereto and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

#### 1.3 Severability

If any covenant, obligation or agreement of this Agreement, or the application thereof to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement to Persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each covenant, obligation and agreement of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law. To the extent permitted by applicable law, the parties hereto waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The parties hereto shall engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision which it replaces.

#### 1.4 Governing Law

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

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#### 1.5 Currency

All dollar amounts stated herein are deemed to be references to Canadian dollars.

#### 1.6 Accounting Principles

All calculations made or referred to herein shall be made in accordance with ASPE, except where otherwise indicated herein.

#### 1.7 Statutes

Any reference to a statute will include and will be deemed to be a reference to the statute and the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto.

#### 1.8 Schedules

The following schedules annexed hereto shall form part of this Agreement. Should there be any discrepancy between this Agreement and the aforementioned Schedules, this Agreement shall govern at all times.

SCHEDULE “A”: SALES MANAGEMENT AGREEMENT

SCHEDULE “B”: PROPERTY MANAGEMENT AGREEMENT

SCHEDULE “C”: LAND ACQUISITION AGREEMENT

SCHEDULE “D”: TRADEMARK LICENSING AGREEMENT

### ARTICLE 2 APPOINTMENT

#### 2.1 Appointment of Manager

The Owner hereby appoints and retains the Manager as an independent contractor, to manage and supervise the development of the Project, subject to the general supervision of the Owner, and to provide the Services on the terms and conditions and for the remuneration provided herein.

#### 2.2 Acceptance of Appointment

- (a) The Manager accepts its appointment as development manager of the Project in accordance with the terms hereof and covenants and agrees to perform its obligations hereunder in a competent, honest manner, as would a reasonable and prudent Person who is experienced in providing the Services for first class mixed-use projects similar to the Project.
- (b) The Manager shall attend to the discharge of its obligations hereunder utilizing trained, experienced personnel employing current state of the art real estate

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development practices and techniques in an efficient manner and acting at all time to the best of its ability, in accordance with the Project Schedule and the Project Budget, in the best interests of the Owner and within the Manager's scope of authority hereunder (collectively, the "Standard of Care").

### 2.3 Non-Exclusive

It is understood and agreed that the Services of the Manager are not to be exclusive to the Owner and that the Manager may be now or in the future engage in other projects, similar and proximate to the Project either for its own account or for others ("Competitive Ventures") and such activities are hereby expressly permitted, provided that the same do not cause the Manager to be unable to provide the Services in the manner referred to in Section 2.2 and/or complete the Project within the time frame reasonably required by the Owner in accordance with the Standard of Care. The Owner further acknowledges that the engagement of the Manager on such other projects shall not, in and of itself, be a conflict of interest or a breach of the Manager's duties hereunder, provided that nothing shall in any way relieve the Manager of its respective obligations to perform the Services in a proper and business-like manner, in good faith with due diligence and dispatch and in accordance with the provisions of this Agreement. Where a business, ethical or legal conflict arises or might arise as a result of a Manager being engaged in other such projects, the Manager shall forthwith notify the Owner thereof.

### 2.4 Self Dealing

The Owner hereby specifically acknowledges that the Manager has advised the Owner that the officers, directors, shareholders or others with direct or indirect interests in the Manager, may currently have or hereafter may acquire interests in other corporations or business entities that will deal with the Manager in connection with the supply of goods, services and materials in connection with the Project. The Owner consents to the Manager so doing and so acting, provided that: (i) all such dealings are specifically disclosed to and Approved and all agreements for the supply of goods, services and materials are made available to the Owner for review prior to execution and delivery thereof in order to allow the Owner to provide its Approval; (ii) the fees payable for such goods, services, materials and work are comparable to fees paid to an arm's length third party and such fees are approved by the Owner and the Manager provides satisfactory evidence to the Owner that such fees are comparable to fees paid to an arm's length third party, and (iii) provided that the Accountants are provided full and complete access at all reasonable times to examine and copy the records, books of account and the like on an open book basis of such other corporations or business entities pertaining to the services provided to the Project. The Manager shall submit to the Owner for Approval the name of all corporations or business entities that they may have interests in, to the extent that such corporations and business entities deal with any one or more of the Manager in connection with the supply of goods, services and materials with respect to the Project.

### 2.5 Independence of Manager

The Owner specifically acknowledges being advised that the officers, directors and shareholders of the Manager are or may be officers, directors, shareholders, or employees of the Owner, and that the Manager is not independent of the Owner.

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## ARTICLE 3 DEVELOPMENT MANAGEMENT

### 3.1 Duties and Powers of Manager

The Manager agrees that, subject to the terms and conditions hereof, it shall manage and supervise the Project, and undertake all activities necessary to complete the development of the Project including the Services set out in Schedule "B".

### 3.2 Reporting and Meetings

The Manager shall provide the Owner with a summary, at the end of each quarter, setting out the status of the Project and the compliance of the Project with the key dates, deadlines and milestone events set out in the Project Schedule.

The Manager shall maintain an overview of the entire Project and monitor the Project Schedule and Project Budget. The Manager will provide to the Owner on a quarterly basis, a status report for the Project, reporting on the progress of the Project and its compliance with the Project Budget or Project Schedule. Copies of all material correspondence and documents relating to the Project received by or prepared by the Manager shall be made available to the Owner at the Manager's offices or provided electronically to the Owner, via email transmission. Topics to be included in the monthly reports shall include, without limitation:

- status of governmental approvals;
- status of obtaining Permits;
- status of development progress;
- status of contracts;
- a summary of committed funds;
- a review and update, as necessary, of the Project Schedule;
- a list of those matters which, if required, have received Approval and which matters await Approval;
- a review and update, as necessary, of the Project Budget;
- status of financing;
- status of marketing and sales; and
- summary of payments relating to the Project to date and since the last report and a comparison with the Project Budget.

The Manager shall meet with the Owner and its representatives on a monthly basis or

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otherwise, upon request, for the purpose of, among other things, reviewing, discussing and explaining the progress of the Project and the status reports, and shall attend and, if requested, arrange for meetings with the Owner and others involved in the Project at other reasonable times and places and as the Owner shall otherwise reasonably request.

The Manager shall keep the Owner apprised of all major meetings that are upcoming concerning the Project with governmental officials or others involved in the Project and the Owner or its representative shall be entitled to attend such meetings with the Manager.

### 3.3 Communication with Owner

The Owner shall designate a representative or representatives who shall be authorized to act on behalf of the Owner with respect to the Project. The Manager shall designate one representative to represent and attend all such meetings as the representative of the Manager. The Manager shall direct all communications regarding the Project to the representative(s) of the Owner. The authorized representatives of the Owner may examine documents submitted by the Manager and may render decisions pertaining to them promptly to avoid unreasonable delay in the progress of the Manager's Services. It is acknowledged by the Manager that all communication, reports, memorandum, opinions, or disclosures, provided by the Manager hereunder, shall be addressed to the Owner and not the Owner's representatives only.

### 3.4 Books of Account

Proper books of account shall be kept by the Manager for the Owner and entries shall be made therein of all such matters, terms, transactions and things which are usually written and entered in books of account kept by others engaged in an enterprise of a similar nature and the Owner shall have free access at all reasonable times upon reasonable notice to inspect, examine and copy them and the Owner and the Manager shall at times furnish to the other correct information, accounts, statements on and concerning all such transactions without concealment or suppression.

### 3.5 Financial Statements

The Manager will assist the Owner and the Accountants in the preparation of the annual financial statements required to be prepared.

### 3.6 Inspection

The Manager shall at all times permit the Owner and its representatives to have access to the Project and any on-site office of the Manager and to all books of account, records, vouchers, cheques, agreements, correspondence and other documents of or which may relate to the Project.

### 3.7 Compliance with Local Law

The Manager shall be responsible for and shall forthwith correct or remedy, or cause to be corrected and remedied, at the Owner's expense, any violations of Local Law relating to the development and construction of the Project (except in the event that such violations are occasioned by the gross negligence or wilful default of the Manager or its employees, servants,

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agents or other Persons for whom they are at law responsible, in which case such violations will be corrected or remedied by the Manager at its expense).

### 3.8 Ownership of Plans

The Manager shall be responsible for ensuring that all working drawings, plans and specifications and all copies thereof and all models with respect to the Project (collectively, the "Plans") shall be and remain the property of the Manager. The Manager has the right to use the Plans with respect to any other work and as further contemplated in the applicable Schedule(s).

### 3.9 Employees, Independent Contractor

All matters pertaining to the employment, supervision, compensation, promotion and discharge of the employees comprising such staff will be the responsibility of the Manager, which is in all respects the employer of such employees. The Manager will comply fully with all applicable laws and regulations relating to workmen's compensation, social security, unemployment insurance, hours of labour, wages, working conditions and other employer-employee related subjects. Save and except as otherwise provided for in this Agreement, the costs and expenses (including benefits) of all such employees shall be borne by the Manager.

### 3.10 Taxes

The Manager shall obtain and verify bills for real estate taxes, improvements assessments and other like charges which are or may become liens against the Project and, as part of its reporting duties under Section 3.2, recommend payment, appeal or application for abatement in accordance with the Standard of Care. The Manager shall further co-operate and assist the Owner in the preparation and prosecution of any such appeal or application for abatement. No appeal or application for abatement shall be filed and no tax consultant shall be engaged unless Approved. The Manager shall cause such bills to be paid promptly from the applicable Bank Account, using diligent efforts to avoid any penalty for late payment and to take advantage of any discount, and the Manager shall promptly deliver to the Owner evidence of such payments.

### Reporting Generally

The Manager shall comply with the reporting requirements of any lender providing construction financing for the Project. In addition, the following general requirements shall apply to all financial reports required under this Agreement: all such reports shall be prepared typed or computer-generated on forms reasonably acceptable to the Owner; the Manager shall maintain electronically, in format reasonably acceptable to the Owner, all financial and operating information, in order to enable the Owner to maintain its core data base; all statements and reports shall be prepared on a modified accrual basis, or in the case of audited annual financial statements, on an accrual basis, and otherwise in accordance with ASPE; and all such reports shall be certified as true and correct by a senior executive of the Manager. Each financial report shall include comparisons of actual results for the period to previously forecasted results, each on a consolidated and a

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consolidating basis, the Manager shall co-operate with the Owner's accountants in the preparation of annual financial statements and with the institution and maintenance of an on-line, accounting system.

### 3.11 Other Disclosures

The Manager shall keep the Owner informed of any material fact, information, projection, litigation or other matters which could reasonably be expected to have a material impact on the development and construction of the Project. The Manager shall provide any and all material information relating to the Project or the development thereof as the Owner may reasonably request from time to time. Without limiting the foregoing, the Owner may designate in writing certain contracts at the time of Approval of the Project Budget or at any time thereafter, for which it would like to obtain copies after such contracts are entered into by the Manager or the Owner, and upon the Owner making such written designation, the Manager shall provide copies of such contracts to the Owner forthwith following their execution.

### 3.12 Co-operation with Broker

If Owner executes a listing agreement or other brokerage agreement with a broker (other than with Affiliates of the Manager) or an agreement directly with a principal for the sale or financing of the Project or portions thereof, or any other agreement relating to the transfer of ownership of the Property or portions thereof, the Manager will co-operate with such broker or principal to the end that the respective activities of the Manager and such broker or principal will be carried on without friction. In connection with any such sale, financing, or other transfer, the Manager will: (a) use all reasonable efforts to research and confirm the accuracy of any representations and warranties regarding the Project that are made by the Owner; (b) execute such consents, assignments, Manager estoppels, and other documents as the Owner's lender or purchaser may reasonably request; and (c) provide such other services and information as the Owner may reasonably require.

### 3.13 Utilities

The Manager shall use diligent efforts to obtain and maintain, on behalf of Owner, in accordance with the Standard of Care any utility and other similar services or facilities and any grants, dedications, easements, agreements, licenses, rights and covenants necessary, appropriate or required for the Project in accordance with the Standard of Care.

### 3.14 Financing

The Manager shall use reasonable commercial efforts to arrange such financing for the Project as the Owner may require subject to the Approval of the Owner, and ensure that the Owner performs its obligations thereunder, in each case in accordance with the Standard of Care. The Manager shall execute and deliver such documentation in respect of this Agreement and the Project as the lender(s) under such financing may reasonably require (including without limitation an attornment acknowledgement or acknowledgement of termination, at the lender(s)' option, if such lender(s) enforce their security upon a default under such financings).

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## PROJECT REVENUES

### 4.1 Bank Accounts

The Manager agrees that all monies that may be received in connection with the Project shall be deposited into the separate bank account established by the Owner (the "Bank Account") forthwith upon receipt thereof.

The Owner may authorize that one or more representatives of the Manager be authorized as signing officers to such Bank Account, whether alone or with one or more Owner representatives, and in such event, such Manager's representatives shall then be authorized, whether alone or with one or more Owner representatives from time to time, to pay from the Bank Account only amounts which are provided for in the Project Budget in accordance with this Agreement or as otherwise Approved.

### 4.2 Funding by Owner

Save and except as specifically otherwise provided in this Agreement, all costs of the Project, including Project Costs shall be the responsibility of the Owner. Payments of Project Costs shall be made by the Owner in the manner set out in Section 5.4. If the Owner fails to furnish such funds to the Manager or to the payees for such Project Costs, the Manager shall not be required to expend their own funds, and shall have no liability whatsoever for any consequences arising from such failure by the Owner. The Owner will indemnify and hold the Manager harmless from and against any action, cause of action, suit, claim, demand, cost and expense whatsoever arising from their failure to make any expenditures by reason of not receiving such funds or arising as a result of it becoming liable in respect of any debts, obligations, liabilities, costs or expense incurred in connection with or on account of the Project in accordance with the Project Budget and in accordance with this Agreement (including, if applicable, legal fees on a solicitor and his own client basis). If the Manager advances its own funds in respect of any such costs, which advance is of an amount within the Project Budget, the Owner shall reimburse the Manager in accordance with the provisions of Sections 5.2 and 5.4. If the Owner fails to reimburse the Manager promptly for amounts payable in accordance with those provisions, such amounts shall bear interest at the Prime Rate plus 2% percentage points before and after judgment, from the date payment was due to the date reimbursed.

## FEES AND EXPENSES

### 5.1 Fees

For managing and supervising the Project in accordance with its obligations under this Agreement, the Manager shall be entitled to receive a development management fee (the "Management Fee") in the amount of three and half percent (3.5%) of the Project Revenue. The Management Fee shall be payable through two retainers of \$500,000, one retainer to Watford Development Inc. and the second retainer to Watford Construction Inc. due upon receipt of invoice and the remainder in monthly instalments based on project timescales.

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The Owner shall also pay to the Manager all Harmonized Sales Tax payable in respect of the Management Fee.

### 5.2 Out-of-Pocket Expenses

The Owner shall reimburse the Manager for all "out-of-pocket" expenses ("**Reimbursable Costs**") which the Manager properly and reasonably incurs directly in accordance with the Project Budget in connection with the performance of their obligations under this Agreement provided such costs and expenses are reflected in the Approved Budget. Reimbursable Costs shall not include any part of the Manager's Overhead Costs, but shall include, inter alia, the following:

reasonable travelling expenses of employees of the Manager on matters related to the Project (such travel expenses to be reasonably allocated between this Project and the other projects of any one or more of the Manager, where appropriate); and

expenditures incurred by the Manager for materials used in or required in connection with the Project for printing or reproducing material and special stationery.

The parties agree that costs incurred in connection with personal vehicle rentals and travel to and from the Project shall be included in Reimbursable Costs. The Manager shall render invoices for Reimbursable Costs, if any, paid by them on a monthly basis with such supporting material as may be appropriate and the Owner shall promptly reimburse the Manager for all such expenses properly authorized and paid by the Manager in accordance with this Agreement.

### 5.3 Authorization for Expenditures

Notwithstanding anything elsewhere contained in this Agreement, the Approval of the Project Budget and any amendments thereto from time to time Approved, for the purposes of this Agreement, shall constitute the Owner's authorization for the making of any expenditures referred to therein incurring of any expense above two hundred and fifty thousand Dollars (\$250,000.00) shall require further Approval. No expenditures may be made by the Manager except in accordance with the provisions of this Section 5.3. All change orders in respect of the Project shall be submitted as soon as possible for Approval. Any change orders not Approved by the Owner shall not be for the account of the Owner. Any expenditures incurred or paid by the Manager purportedly on behalf of the Owner which, the Manager knowingly have not been included in a Project Budget or otherwise Approved, either before or after the incurring or payment thereof, shall be for the account of the Manager.

### 5.4 Payment of Project Costs

At any time, the Manager shall be entitled to notify the Owner for payment of Project Costs which include Construction Cost (as defined in the Construction Management Agreement) by delivering to the Owner a written order by a senior executive of the Manager (herein referred to as a "**Written Order**") for payment thereof. Each Written Order shall:

state the aggregate amount of Project Costs previously paid to or as directed by the Manager under this Section 5.4 and a comparison of the same to the Project Budget;

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state (i) the amount of the Project Costs which may have been paid by the Manager, if any, on behalf of the Owner at the date of the Written Order (in addition to the Project Costs previously paid pursuant to Section 5.4(a)), (ii) which Project Costs have been paid and (iii) those Project Costs which are immediately payable but not yet paid;

state that all amounts included in such Written Order are Project Costs and describing the items constituting such Project Costs in reasonable detail;

be accompanied by all material supporting documentation, including invoices for all material amounts requested in such Written Order; and

if the Project Costs are Hard Costs, then such Written Order shall contain and comply with the requirements of the Construction Management Agreement.

Each Written Order shall be delivered to the Owner and shall be signed by any one or more of the representatives of the Manager (which Written Order shall exclude the personal liability of any such representative for the statements set forth therein) and shall state that all Project Costs set forth in such Written Order, payment or reimbursement of which is requested in such Written Order, are Project Costs incurred in accordance with the Project Budget and this Agreement. Within twenty (20) Business Days of the receipt of such Written Order together with such supporting documentation, the Owner shall pay to, or as directed by, the Manager, the amount of the Project Costs set forth in such Written Order and in respect of which payment is requested by the Manager. The Manager shall endeavour at all times to contemporaneously make such requests of the lender for the Project (and supply all required material in support of such request) for mortgage draws to pay the Project Costs, it being the intention of the parties that payment of all Construction Cost, after third party financing of the Project has been arranged and purchaser's deposits applied, shall be funded from mortgage draws without the necessity of funding being required from the Owners.

### 5.5 Ownership of Purchased Materials and Equipment

Any and all equipment and materials purchased by the Manager and paid for by the Owner shall be and become the property of the Owner upon payment to the Manager for such equipment and materials.

### 5.6 Trade Discounts, Warranties, etc.

Any trade discounts, warranties on materials and equipment, rebates, refunds and returns from the sale of surplus materials and equipment shall accrue to and be for the benefit of the Owner.

## ARTICLE 6 MUTUAL COVENANTS

### 6.1 Manager Is Independent Contractor

Nothing in this Agreement shall be construed to create or shall constitute a partnership between the Owner and the Manager. The duties to be performed and the obligations assumed by the

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Manager as manager of the Project hereunder shall be performed and assumed by it as an independent contractor and not as agents or in any other way as representatives of the Owner.

## 6.2 Indemnity by Owner

**UNIONVILLE RE DEV CORPORATION** (the “**Indemnitor**”) agrees to indemnify and hold harmless Watford Development (“**Watford Development**”), each of its subsidiaries and affiliates and each of their respective directors, officers, employees, partners, agents, shareholders, advisors and each partner and each principal of Watford Development (collectively, the “**Indemnified Parties**” and individually, an “**Indemnified Party**”) from and against any and all expenses, losses, claims, actions, costs, damages and liabilities of every nature and kind (including, without limitation, the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity) (collectively, the “**Claims**”) to which any Indemnified Party may become subject or otherwise involved in any capacity insofar as such Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the attached agreement, the engagement of Watford Development thereunder, the performance of professional services rendered by Watford Development thereunder or otherwise in connection with the matters referred to therein.

Notwithstanding the foregoing, the Indemnitor shall not be obligated to indemnify an Indemnified Party in respect of a Claim to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Claim was primarily caused by the gross negligence or willful misconduct of such Indemnified Party.

If for any reason (other than a determination as to any of the events referred to in the second paragraph of this indemnity) the foregoing indemnification is unavailable to Watford Development or any other Indemnified Party or is insufficient to hold Watford Development or any other Indemnified Party harmless, the Indemnitor shall contribute to the amount paid or payable by Watford Development or any other Indemnified Party as a result of such Claims in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and Watford Development or any other Indemnified Party on the other hand but also the relative fault of the Indemnitor, Watford Development or any other Indemnified Party as well as any relevant equitable considerations.

The Indemnitor agrees that in case any action, suit, proceeding, claim or investigation shall be brought against the Indemnitor and/or any Indemnified Party and any Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of the attached agreement, the engagement of Watford Development thereunder, the performance of professional services by Watford Development thereunder or otherwise in connection with the matters referred to therein, such Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs and out-of-pocket expenses incurred by such Indemnified Party and its personnel in connection therewith shall be paid by the Indemnitor as they occur.

Promptly after receiving notice of an action, suit, proceeding or claim against Watford

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Development or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, an Indemnified Party will notify the Indemnitor in writing of the particulars thereof. The omission so to notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to any Indemnified Party except only to the extent that any delay in or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnitor would otherwise have under this indemnity had an Indemnified Party not so delayed in or failed to give the notice required hereunder.

The Indemnitor shall have 30 days after receipt of the notice, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. If such defence is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to Watford Development, will keep Watford Development advised of the progress thereof and will discuss with Watford Development all significant actions proposed.

Notwithstanding the foregoing paragraph, any Indemnified Party shall have the right, at the Indemnitor's expense, to employ counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defence and employed counsel therefor within 30 days after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Indemnitor or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnitor or that there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in any of which events the Indemnitor shall not have the right to assume or direct the defence on the Indemnified Party's behalf).

No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made and the Indemnitor shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent, such consent not to be unreasonably withheld.

The Indemnitor hereby constitutes Watford Development as trustee for the other Indemnified Parties of the Indemnitor's covenants under this indemnity with respect to such persons and Watford Development agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

This indemnity and contribution obligations of the Indemnitor hereunder shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, Watford Development

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and any other Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement.

#### 6.4 Limited Recourse

Notwithstanding any other provision of this Agreement to the contrary, the obligations of and rights against the Owner under this Agreement with respect to any obligation under this Agreement shall be performed, satisfied and paid only out of and enforced only against, and recourse hereunder shall be had only against, the Owner's interest in the Property and no obligation of the Owner hereunder is personally binding upon, nor shall any resort or recourse be had, judgment issued or execution or other process levied against, the Owner or against any other assets or revenues of the Owner or any partner, shareholder, member, unitholder, Affiliate, officer, agent, employee, trustee or director of the Owner. The provisions of this Section 6.4 shall survive termination of this Agreement.

#### 6.5 Confidentiality

All information received by the parties pursuant to this Agreement, including without limitation, in the case of the Owner, copies or details of contracts and reports, shall not be disclosed to any other Person except with the consent of the other parties hereto or except as required by law or in connection with any financing in connection with the Project and for accounting and tax purposes.

### ARTICLE 7 TERM

#### 7.1 Duration

This Agreement shall commence as of the date hereof and, unless otherwise terminated in accordance with the provisions hereof, shall continue in full force and effect until completion of the Project.

#### 7.2 Termination

If at any time a Default has occurred and is continuing under this Agreement, the Owner shall give written notice to the Manager specifying the Default in reasonable detail (the "Default Notice") and the Owner may terminate this Agreement. Such termination notice shall, save and except with respect to an Event of Insolvency shall be effective immediately and be given no later than one-hundred and twenty (120) days after the Default Notice has been given.

If at any time:

the Owner shall have failed to make any payment to which the Manager shall be entitled hereunder; or

the Manager shall not be given such directions as may properly be requested or required by the Manager for the performance of its obligations herein,

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the Manager may give notice to the Owner specifying in reasonable detail the matter complained of and if, within twenty (20) Business Days following receipt thereof, the matter complained of is not cured, the Manager may terminate this Agreement by notice to the Owner stating that this Agreement is terminated and the reasons therefor. Such termination shall be effective as and from the date which is sixty (60) days after the date such notice is given to the Owner.

#### Termination of the Development

In the event that a decision is made by the Owner or if the Project is terminated for any reason whatsoever, then subject to the terms of the Agreement, the appointment of the Manager for the Project shall be terminated by Notice of Termination of the Members to the Manager stating that the Project or the Agreement has been terminated, cancelled or otherwise aborted, as the case may be, and such appointment shall be terminated effective ten (10) Business Days after receipt of the Notice of Termination by the Development Manager. In such instance, the Manager shall still be entitled to receive 10 % of the disposition of the Property.

#### 7.3 Delivery of Records

Promptly following termination hereof, or at the request of the Owner, the Manager shall deliver to the Owner all:

records, documents and books of account maintained in connection with this Agreement, including without limitation all computer tapes, disks, diskettes and any other storage media; and

materials and supplies which were purchased in connection with the Project;

and which are in the possession or control of the Manager. The Manager may retain copies of any such records, documents and books of account and the Owner shall, upon request, produce at its offices the originals of such records, documents and books of account and permit the Manager to make copies or extracts therefrom, solely at the Manager's expense, whenever necessary for filing tax returns or other reports required of it hereunder or by tax or other laws.

#### 7.4 Effect of Continued Performance

Subject to 7.2, if this Agreement is terminated, anything to the contrary herein contained notwithstanding, but subject to Section 7.6, the Owner shall be under no obligation to pay to the Manager any amount or sum whatsoever for Services performed by the Manager after the date of termination. Until termination, the Manager shall continue to comply fully with this Agreement and the Owner shall pay the Management Fee in accordance with the provisions hereof. In the case of continuing performance by the Manager of all or any of their duties following termination of this Agreement, the Manager shall not be entitled to compensation therefor unless such continued performance has been Approved in writing by the Owner, in which event the Manager shall be entitled to be paid and reimbursed by the Owner for such continued performance on a quantum merit basis in accordance with the fees and Reimbursable Expenses set out in this Agreement.

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### 7.5 Duties Flowing from Termination

Upon termination hereof, the Owner shall:

assume any contracts entered into by the Manager relating to the Project if such contracts have been entered into in the name of the Manager and in accordance with the provisions hereof the Development Plan (as defined in Appendix "A" attached hereto) and the Project Budget; and indemnify the Manager against any liability by reason of anything done or required to be done under any such contract after termination hereof; and

pay for and indemnify the Manager against the costs for all services, material and supplies, if any, which have been incurred or ordered by the Manager in performance of its obligations hereunder but which have not been paid for by the Manager and reimbursed hereunder at the time of termination, provided the same were incurred or ordered in accordance with the provisions hereof and the Project Budget.

### 7.6 Rights on Termination

Any termination hereof shall terminate all rights and obligations hereunder except those relating to amounts owing or to remedies in respect of any Default, and except as otherwise stated herein. In the event of termination, a pro rata fee shall be payable to the Manager based on the instalments due to the Manager to the date of termination. Should the Owner and the Manager not agree on any such amount, this dispute shall be settled by arbitration in accordance with the provisions of Article 9.

## ARTICLE 8 INSURANCE

### 8.1 Manager's Insurance

From the commencement of construction of the project the Manager shall maintain in full force and effect, at the Owner's expense, but without duplication of any insurance required to be maintained by the Owner or the Construction Manager, as would be caused by a prudent Owner and Manager of a similar project, such insurance coverage to include: (i) Workplace Safety and Insurance coverage, as required by provincial law; (ii) employer's liability coverage with limits of at least \$5,000,000; (iii) general liability and automobile coverage (owned, non-owned and hired) with personal injury limits of at least \$5,000,000 per occurrence naming the Owner and its trustees, officers, directors, agents and employees as additional insureds and including Contractual Liability and Broad Form Property Damage; (iv) a stipulation that each such insurance policy is primary coverage for all insured and containing a standard cross liability endorsement or severability of interest clause; and (v) waiver of subrogation rights against the Owner. Prior to commencement of the Services, the Manager shall furnish certificates of insurance evidencing the insurance required to be carried by the Manager hereunder. The certificate must be signed by an authorized representative of the Manager's insurance carrier and must state that no cancellation of insurance will be effected without thirty (30) days advance notice to the Owner. If "claims made" policies are utilized pursuant to clause (iv) above, the Manager shall maintain such policies for at least five (5) years after the completion of the Project.

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### 8.2 Owner's Insurance

The Owner shall maintain comprehensive general liability insurance (under one or more insurance policies) with an aggregate limit of not less than \$5,000,000 per occurrence. Such insurance shall name the Manager and its trustees, officers, directors, agents and employees as additional insured with respect to actions taken by the Manager pursuant to this Agreement. This insurance shall remain in effect for a period of five (5) years following completion of the Project. If the Owner is unable to provide the insurance, the Owner will notify the Manager in writing and the Owner and Manager will meet to determine a mutually acceptable alternative.

## ARTICLE 9 ARBITRATION

### 9.1 Arbitration Proceedings

In the event of any dispute, claim, question or difference between or among any parties relating to any matter, covenant, commitment or agreement provided for or contained in this Agreement, any party may by written notice (the "Arbitration Notice") to the other party or parties, require same to be settled by arbitration pursuant to and in accordance with the provisions of the *Arbitrations Act, 1991* (Ontario). Any arbitration commenced pursuant to this Section 9.1 shall be based on the following:

the arbitration tribunal shall consist of one arbitrator appointed by mutual agreement of the parties involved who is qualified by education and training to pass upon the particular matter to be decided, or in the event of failure to agree within ten (10) Business Days of delivery of the Arbitration Notice, either party may apply to the Ontario Superior Court of Justice under the *Arbitrations Act, 1991* (Ontario) to appoint the arbitrator;

the arbitrator shall be instructed that time is of the essence in proceeding with his/her determination of any dispute, claim, question or difference and, in any event, unless the parties agree otherwise, the arbitration award must be rendered within thirty (30) days of the submission of such dispute to arbitration;

the arbitration shall take place in the City of Toronto, Ontario;

the law to be applied in connection with the arbitration shall be the laws of the Province of Ontario, including its conflict of law rules;

in its arbitration award, the arbitrator may award any remedy for any breach of this Agreement that might have been awarded by the Superior Court of Justice of Ontario except where the remedy for such breach has been expressly limited by this Agreement;

the arbitration award shall be given in writing and shall be final and binding on the parties, not subject to any appeal on a matter of law, a matter of fact, or a matter of mixed fact and law pursuant to the *Arbitrations Act, 1991* (Ontario);

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

#### ARTICLE 10 GENERAL

##### Notices

Any notice required or permitted to be given hereunder to a party shall be in writing and shall be effectively given if delivered personally or by overnight courier addressed to:

In the case of Manager:

Watford Development Inc.

62 Hepburn Street.

Markham ON

L3S 3Z9

and in the case of Owner:

Unionville Re Dev Corporation

157 Main Street

Unionville, ON

Suite 201

L3R 2G8

or to such other address of a party as it shall specify to the other parties by written notice given in the manner aforesaid. Any such notice delivered personally or by overnight courier between the hours of 9:00 a.m. and 5:00 p.m. on a Business Day shall be deemed to have been validly and effectively given and received on the date of such delivery.

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##### 10.2 Execution of Agreements, Etc.

Any agreement, contract, instrument, bill of exchange, cheque, expenditure, purchase order, change order or commitment with respect to the Project (collectively "Instruments"), shall be executed and delivered by the Manager on behalf of the Owner and shall be binding upon the Owner, provided that the entering into of the Instrument does not result in expenditures in excess of the total specified in the Project Budget Approved. Representatives of the Manager (being one of •) shall be authorized to bind the Owner so long as the Instruments are within the scope of the Manager's authority under this Agreement.

##### 10.3 Waiver

No failure by any party hereto to insist upon the strict observance or performance of any provision hereof or to exercise any right or remedy arising as a result of the breach thereof, and no acceptance of any amount while such breach is continuing, shall constitute a waiver of such provision or breach. No consent or waiver, express or implied, by a party to or of any default by another party in the performance by such other party of its obligations hereunder shall be effective unless in writing, and no such consent or waiver shall be deemed or construed to be a consent or waiver to or of any other default.

##### 10.4 Amendments

This Agreement may not be modified or amended except with the written consent of the parties hereto.

##### 10.5 Force Majeure

Notwithstanding anything contained in this Agreement to the contrary, the Manager will not be responsible for matters beyond its reasonable control (which matters shall be irrefutably deemed to include strikes, lockouts and other labour disturbances whether or not beyond their reasonable control), matters involving the expenditure of funds which are not made available by the Owner, the unavailability of supplies or labour, the failure of any government official or department to issue any required consent, licence or other approval, or the defaults of other Persons not under the control of the Manager (whether or not its obligations are referred to herein), provided that the Manager uses all reasonable efforts to obtain any such consent, licence or approval. Notwithstanding the foregoing, "Force Majeure" shall not include any such event or cause which was or is avoidable by the exercise of reasonable efforts or foresight by such party (acting in a commercially reasonable manner).

##### 10.6 Further Assurances

The parties hereto will, from time to time, at the request of any of them, execute and deliver such instruments or other documents and take such other action as may be reasonably necessary or desirable to accomplish the purpose hereof.

##### 10.7 Entire Agreement

This Agreement is intended to constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede all prior and contemporaneous agreements.

understandings, negotiations and discussions, whether oral or written, of the parties. The parties acknowledge that the Owner is a party to the • regarding the ownership and development of the Property and that the Owner and the Construction Manager are parties to the Construction Management Agreement. Notwithstanding anything contained herein, the obligations of the parties set out in the • and in the Construction Management Agreement shall continue to bind the parties thereto.

**10.8 No Assignments**

Save and except as contemplated by the terms of this Agreement, the Manager shall not assign any of its rights hereunder, in whole or in part, without the prior written consent of the Owner, which the Owner may withhold in its sole discretion.

**10.9 Successors and Assigns**

This Agreement shall be binding upon and ensure to the benefit of the parties hereto and their respective successors and permitted assigns.

**10.10 Counterparts and Formal Date**

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and, notwithstanding the actual date of execution, shall be deemed to bear the date first written above. This Agreement may also be executed and delivered by facsimile or other electronic means of communication and in counterparts.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement.

**WATFORD DEVELOPMENT INC.**

Per: Harshal Dave  
Name: Harshal Dave  
Title: President & CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/we have authority to bind the Corporation

**UNIONVILLE RE DEV COPORATION**

Per: Harshal Dave  
Name: Harshal Dave  
Title: Authorized Signing Officer

Per: \_\_\_\_\_  
Name:  
Title: Authorized Signing Officer  
I/we have authority to bind the Corporation

## "APPENDIX A"

## LEGAL DESCRIPTION OF THE LANDS

Municipal Address

174-178 Main Street, Unionville, ON

Legal Address

PT LT 12 Con 5 Markham Pts 1 & 2 64R7629; S/T Ma

Municipal Address

182 Main Street, Unionville, ON

Legal Address

Pt Lt 12 Con 5 Markham

Municipal Address

186 Main Street, Unionville, ON

Legal Address

Pt Lt 12 Con 5 Markham as in R371141 S/T and T/W R371141; Markham

Municipal Address

194 Main Street, Unionville, ON

Legal Address

Pt Lt 12 Con 5 Markham as in R432659; Markham

**And any other future address acquired or contracted on the West Side of Main Street, Unionville**

## APPENDIX "B"

## DESCRIPTION OF SERVICES

As provided in the Agreement to which this Schedule is annexed, including Section 3.1 thereof, the services to be provided by the Manager include the following:

Subject to any Approvals required from the Owner in accordance with the provisions of this Agreement, the Manager shall be responsible for the overall direction and control of the development of the Project. Without limiting the generality of the foregoing, the services to be performed by the Manager shall include the following:

- (a) facilitating the negotiation of all third party financing arrangements required to finance the Project, including providing assistance to the Owner in assembling all materials and preparing reports required by any lenders or prospective lenders providing financing to the Project and providing any ongoing administration with respect to such financing;
- (b) negotiation with all governmental authorities and bodies and utility authorities respecting zoning of the Property, draft plan approval under the *Planning Act* (Ontario) and the *Condominium Act* (Ontario) and the subdivision, development, utility services and other agreements relating to the Property;
- (c) making all necessary applications and obtaining all necessary approvals under the *Planning Act* (Ontario) or other applicable legislation and from any relevant authority with jurisdiction to permit the severance of the various components of the Project into separate parcels, including the commissioning of all surveys, plans (including Reference Plans) and drawings necessary for such applications and retaining third party consultants as necessary for obtaining said severances, except that all applications and plans shall be submitted to the Owner for review and Approval;
- (d) arranging for the Property to be registered under the *Land Titles Act* (Ontario), if necessary;
- (e) supervise all environmental matters in respect of the Development including processing and obtaining environmental searches, reviews and reports and contracting on behalf of the Co-Ownership all required clean-up and remediation in compliance with all Applicable Laws;
- (f) preparation of draft plan of subdivision, if necessary, and/or condominium for the Property or any component and registration of the approved plan and arranging the turnover meeting;
- (g) causing conditions to approval of draft plan of subdivision, and/or condominium to be satisfied;
- (h) the processing of all applications and other documentation relating to the development of the Property including, without limitation, processing of the

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application for draft plan approval;

- (i) formulating, presenting to the Owner for Approval and finalizing in accordance with the instructions of and the Approval of the Owner the development concepts for: (i) the plan respecting the specifications and layout of the buildings and the other improvements of the Property relating thereto which plan shall set out, inter alia, the portions of the buildings to be used for each component, the kinds of dwelling units to be built, the type of commercial and retail space to be built and the physical relationship between the components, and to consult with the sales manager on the kinds of purchasers to target and the marketing strategy to be used and which plan shall be submitted to the Owner for its Approval (the "Development Plan");
- (j) preparing and delivering cash requirement statements to the Owner as needed;
- (k) supervising of development feasibility studies;
- (l) arranging for the servicing of the Project;
- (m) ensuring compliance with subdivision and utility agreements during the terms thereof and any guarantee periods thereunder;
- (n) obtaining releases of letters of credit provided to municipalities or utility companies in connection with the Project;
- (o) preparing or causing to be prepared all site plans or other municipal approvals and surveys required for the Project and obtaining the necessary site plan approvals from the Municipality;
- (p) appointing, managing and supervising all architects, engineers, contractors, consultants, suppliers, project managers, realtors, brokers and other third party service providers (the "Consultants") and negotiating contracts with such Consultants (subject to the Approval of the Owner); co-ordinating and directing their work, scrutinizing and settling their accounts and supervising and using its reasonable efforts to ensure their performance;
- (q) directing the layout, design and engineering for the Project, including without limitation, the preparation of all drawings and specifications;
- (r) managing the relationship with the residential tenants or licencees of the Property, including termination of their leases or licences, and representing the Owner at any required residential tenancy tribunal proceedings ;
- (s) supervising the Construction Manager in respect of the negotiation of all construction, trade, materials and service contracts and performance bonds required for the Project, which contracts and bonds shall be substantially in accordance with the Project Budget and the administration of all such executed contracts and bonds;
- (t) together with the Construction Manager, causing all work to be done in compliance

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with the Approved Development Plan and in compliance with applicable law including all zoning by-laws, building codes and other federal, provincial and municipal regulations, restrictions and specifications in respect of the Project;

- (u) abiding by the conditions of the City in which the Project is located with respect to the use of the roads and the supply and delivery of materials;
- (v) recommending and approving payments of all Project Costs for the Project as they become due, or earlier in order to take advantage of any discounts, and before any fine or penalty for late payment attaches thereto, either by direct payment to the biller or payee or by periodic payments as may be required by the Project Monitor or lenders of funds to the Project pursuant to the provisions of the financing arrangements made with respect to the Project and to co-operate with and assist the Owner and its representatives in connection with the entering and processing of any assessment appeal or other litigation which may from time to time affect the Project;
- (w) arrange for the terms and conditions of demolition contracts, if any;
- (x) providing such competent management personnel as may be reasonably required to manage the Project in accordance with this Agreement;
- (y) establishing a marketing program for the sale of the dwelling and other units and establishing parameters (including unit mix and pricing parameters), and guidelines for the sale of dwelling and other units in the Project;
- (x) establishing a marketing program for the leasing of the retail component and establishing a retail merchandising plan and leasing policy including provisions with respect to the acceptances and placement of tenants, establishing rental rates, tenant inducements and forms of leases;
- (z) appointing a property manager for the Project and negotiating the terms and conditions of management contracts, property management contracts and providing the Owner with advice with respect to the foregoing;
- (aa) appointing, employing, instructing and obtaining the services of such persons, including counsel, solicitors, accountants, auditors, engineers, architects, designers, planners, insurance and real estate agents and brokers and management and financial consultants as may be reasonably necessary or expedient to assist the sales managers in performing their duties, all at commercially reasonable rates;
- (bb) making application for and obtaining all necessary government approvals, permits and licenses required for the construction and sale of dwelling units in the Project, including any consents to the mortgages and all consents required under any government act, law, by-law or regulation;
- (cc) negotiating and obtaining or causing to be obtained such policies of insurance and performance bonds for the Approval of the Owner and as the Manager considers necessary or desirable to protect the Owner and the Property and Owner's interests



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- from liability, damage or loss, including builders risk insurance and liability insurance; and making of any reports, filing of any claims and conducting any negotiations which are necessary in respect of any insurance claim in accordance with Article 8 of the Agreement;
- (dd) providing prompt notice to the Owner of any claims or litigation, in respect of both insured and uninsured claims and litigation;
  - (ee) preparing all reports to be delivered by the Owner to Tarion Warranty Corporation for the Project including arranging for registration of the Project in accordance with ONHWP requirements;
  - (ff) upon substantial performance of any Improvements, supervise and coordinate its on-site representative, the Architect and engineers in the inspection of the Improvements for construction deficiencies, prepare a deficiency list and coordinate and expedite the correction of all items on the list;
  - (gg) overseeing the performance of, customer service functions after the transfer of dwelling units to purchasers including, without limitation, responding to customer inquiries concerning construction deficiencies to be remedied and oversight of the remediation of any construction deficiencies, unless such responsibility is delegated by the Manager to the Construction Manager. The labour and material costs incurred to perform the repairs and correct any deficiencies shall be a cost of the Owner and not the Manager or Construction Manager, as applicable;
  - (hh) supervising the Construction Manager and the Sales Manager and Consultants and acting as the liaison and communicating with the Construction Manager, the Sales Manager and Consultants on behalf of the Owner;
  - (ii) arrange for the necessary inspections and material testing by independent consultants to ensure quality control and conformity with the Approved Budget;
  - (jj) monitor compliance by all contractors and subcontractors with occupational health and safety laws and regulations applicable to the Project and, for such purposes, the Development Manager shall be deemed to be a "constructor" within the meaning of the *Occupational Health & Safety Act* of Ontario;
  - (kk) carrying out such other duties as are normally carried out by a development manager of a project similar in size, standard and location to the Project;
  - (ll) representing the Owner on-site in connection with the Project and the performance of the Manager's services with respect to the Project as are set out herein;
  - (mm) collect on behalf of the Owner all lease revenue from the Project, pay on behalf of the Owner all operating costs and taxes for the Project, and make all day-to-day property management and operations decisions in respect of the Project until such time as the Owner elects to proceed with the development and construction of the Project;

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- (nn) promptly, upon completion of construction, assemble a comprehensive package of "as built" drawings, maintenance manuals, operating instructions, guaranties, warranties and other similar documentation in connection with the Development;
- (oo) such other duties as are normally carried out by a developer and managers in connection with the development and interim property management (pending re-development) of buildings of a size, type and location similar to the Project, to the intent that the Manager shall cause the Project to be developed and managed, in conformity with the requirements of applicable statutes, laws, by-laws, ordinances and agreements;
- (pp) preparing and reviewing and submitting to the Owner for Approval suggested rental rates for the Lease of the retail components of the Project, and revising them in accordance with the requirements of the Owner as well as preparing and submitting to the Owner for Approval price lists for sale of Units or other portions of the Project in consultation with the Sales Manager;
- (qq) providing periodic reports to the Owner (which shall be at least monthly and otherwise within fifteen (15) days following receipt of a request from the Owner) as to the status of the marketing of the Project, in form and substance required by the Owner from time to time;
- (rr) formulating, presenting to the Owner for Approval and finalizing in accordance with instructions of and the Approval of the Owner, the Project Schedule and Project Budget;
- (ss) attending to the preparation, execution, delivery and filing of the legal documentation required for the sale of Units, including disclosure statements and amendments to disclosure statements and receipts therefor, purchase and sale agreements and transfer documents and, if applicable, documentation required for securities legislation compliance;
- (tt) negotiating or assisting the Owner to negotiate with any purchaser or prospective purchaser or tenant, and delivering purchase and sale agreements and Leases and any amendments thereto to the Owner for execution, provided that the sales and lease prices therefor meet or exceed those set out in any list of sale prices Approved by the Owner in writing;
- (uu) the Manager shall take all reasonable steps to avoid the registration of any construction lien against the Property; if any such liens are registered against or otherwise affect the Property, the Manager shall notify the Owner of the same and the Owner shall cause the same to be removed (provided that in the event of a bona fide dispute by the Manager of the validity or correctness of such lien, the Manager shall, subject to the directions of the Owner, defend against the same on behalf of the Owner and any proceedings brought in respect thereof and if so directed, pay into court the amount claimed and such costs as the court may direct or post security in lieu thereof (such amounts and costs to be provided by the Owner) and register all such documents as may be necessary to discharge such lien from title, or provide

such other security in respect of such lien, all of the foregoing subject to the Approval);

- (vv) supervising and co-ordinating the work of all marketing firms, lawyers and other consultants and contractors in connection with the marketing and sale of Units and co-ordinating the completion of sales transactions and the payment out of funds;
- (ww) institute, prosecute and defend legal actions affecting the Project (including those involving construction liens), if any;
- (xx) advise and make recommendations to the Owner for Approval regarding the institution, prosecution and defence of all legal proceedings, arbitrations, mediations and similar proceedings relating to the Project.
- (yy) the Manager shall be responsible for and shall forthwith correct or remedy, or cause to be corrected and remedied, any violations of Local Law relating to the construction of the Project.

**SCHEDULE "A"**

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**SALES MANAGEMENT AGREEMENT**

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THIS SALES MANAGEMENT AGREEMENT made as of the 9th day of DECEMBER 2016.

AMONG:

**UNIONVILLE RE DEV CORPORATION**

(hereinafter referred to as the "Owner"),

- and -

**WATFORD DEVELOPMENT INC.**, a corporation incorporated under the laws of the Province of Ontario

(hereinafter referred to as the "Sales Manager")

WHEREAS the Owner and the Sales Manager have agreed to enter into this Agreement for the Sales Manager to act on behalf of the Owner in connection with the marketing and sale of the Dwelling Units to be constructed on the Property;

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein and the sum of \$1.00 paid by each party hereto to the other party hereto (the receipt and sufficiency of which is hereby acknowledged by each party hereto), the parties hereto covenant and agree as follows:

**ARTICLE 2  
CONSTRUCTION**

**2.1 Definitions**

In this Agreement unless there is something in the subject matter or context inconsistent therewith, the following words shall have the respective meanings set forth in this Section 1.1:

"Affiliate" of a party means any Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with that party. For purposes of this Agreement, the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;

"Building Complex" means the building or buildings to be constructed on the Lands to be used for retail, residential and parking uses as part of the Project;

"Business Day" means any day other than a Saturday, Sunday or statutory or civic holiday in the Province of Ontario;

"Claim" means any action, cause of action, suit, debt, cost, expense, claim or demand whatsoever at law or in equity;

"Commencement of Construction of the Building Complex" means the date on which excavation first commences for the foundations for the Building Complex;

"Completion of Construction" means the date that all contracts with respect to the construction of the Project have been substantially performed within the meaning of the *Construction Lien Act*, Ontario. [NTD: GA to comment]

"Component" means any one of the Retail Component, Residential Component, or Parking Component and "Components" means any two or more of them;

"Construction Management Agreement" means the construction management agreement of even date herewith between the Construction Manager and the Owner, with respect to the construction of the Project, as may be amended, modified, supplemented, restated or replaced from time to time;

"Construction Manager" means Watford Construction Inc. and any permitted successor or permitted assign and any replacement construction manager appointed in accordance with the provisions of the Construction Management Agreement;

"Default Notice" has the meaning given to there in Section 6.1 hereof;

"Development Management Agreement" means the development management agreement between the Development Manager and the Owner, with respect to the development of the Project, as may be amended, modified, supplemented, restated or replaced from time to time;

"Development Manager" means Watford Development Inc., and any permitted successor or permitted assign and any replacement Development Manager appointed in accordance with the provisions of the Agreement;

"Dwelling Units" means the residential dwelling units, including without limitation condominium units and any parking units and storage units constructed in connection with the residential dwelling units, that may be constructed as part of the Residential Component on the Lands, or any part thereof, and "Dwelling Unit" means any one of them;

"Event of Default" has the meaning given thereto in Section 6.2 hereof;

"ASPE" means, at any time, Accounting Standards for Private Enterprises in Canada as recommended in the Handbook of the Chartered Professional Accountants of Canada, at the relevant time applied on a consistent basis;

"Lands" means the lands described in Appendix "A" of Development Management Agreement;

"Municipality" means the City of Markham;

“**Negligent Act**” has the meaning set out in Section 6.2 hereof;

“**Parking Component**” means that portion of the Building Complex devoted to parking.

“**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, Owner or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, governmental authority or entity however designated or constituted;

“**Project**” shall mean the development and construction of a condominium, consisting of approximately 80,000-150,000 sq. ft. of gross floor area or maximum allowable by the City of Markham, of residential and commercial development to be erected on the Property together with ancillary parking and storage units, which will be branded as a Watford project, and shall include all equipment, chattels and effects supplied to or erected on the Property and all agreements, plans, drawings, models, papers, Permits, matters or things pertaining to the Property.

“**Project Budget**” or “**Budget**” means a development and construction budget for the Project prepared by the Development Manager, as amended from time to time with the approval of the Owner which shall include, in detail:

- (a) all development and construction costs related to the Project;
- (b) the fees payable to the Development Manager, Construction Manager and Sales Manager for the Project;
- (c) estimates of legal and other consultant fees for the Project;
- (d) the estimated timing for construction of municipal services and utilities and the timing of payments required therefor for the Project;
- (e) proforma financial analysis of the Project;
- (f) a proforma annual statement of anticipated revenues and expenses and cash flow for the completed Project; and
- (g) such other information as the Owner may reasonably request from time to time;

“**Project Out of Pocket Expenses**” has the meaning given to there in Section 5.4 hereof;

“**Property**” means, collectively, the Lands, the Building Complex, and all other improvements thereto and any and all other property, assets and rights arising out of or in connection with the Lands and the Project;

“**Retail Component**” means approximately 25,000 square feet of retail space located on the ground floor of the Project;

“**Residential Component**” means the portion of the Building Complex to contain the Dwelling Units but expressly excluding that portion of the Building Complex to contain the Retail Component, the Parking Component, or any part thereof;

“**Sales Centre**” has the meaning given to such term in Section 4.2(m);

“**Sales Management Fee**” has the meaning given to such term in Section 3.1 hereof;

“**Sales Management Services**” has the meaning given to such term in Section 4.2 hereof;

“**Term**” has the meaning given to such term in Section 2.1 hereof;

“**Termination Notice**” has the meaning set out in Section 6.4 or hereof, as the context requires; and

“**Unavoidable Delays**” has the meaning set out in Section 10.1 hereof.

## 2.2 Headings

Headings contained herein are inserted for convenience of reference only and are not to be considered for the purposes of interpretation.

## 2.3 Currency

All monetary references are to Canadian dollars.

## 2.4 Business Day

Any notice to be delivered or act to be performed under this Agreement on a day other than a Business Day, shall not be required to be delivered or performed until the first Business Day immediately following such day.

## 2.5 Further Assurances

The Owner and the Sales Manager, from time to time and upon every reasonable written request so to do, shall give, execute and deliver all such further assurances as may be required for more effectually implementing and carrying out the true intent and meaning of this Agreement.

## 2.6 Entire Agreement

This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes any prior understanding or agreement, whether or not in writing or expressed to be binding among them.

## ARTICLE 3 TERM

### 3.1 Term

The Term of this Agreement (herein called the “**Term**”) shall commence on the date of this Agreement and continue until the earlier of: (i) the Sales Manager completes its services hereunder and is paid in full for such services; and (ii) this Agreement is otherwise sooner terminated pursuant to the terms hereof.

**ARTICLE 4  
FEES**

**4.1 Sales Management Fees**

In consideration for the Sales Management Services to be provided by the Sales Manager, the Owner shall pay to the Sales Manager a listing fee (the "**Sales Management Fee**") of one (1%) of the purchase price of a Dwelling Unit (exclusive of HST), without duplication, for any Dwelling Unit sold by the Sales Manager or its agents or employees, which fee shall be payable to the Sales Manager with respect to sales prior to Commencement of Construction:

- (a) 1/3 on a firm sales agreement for a Dwelling Unit;
- (b) 1/3 on Commencement of Construction of the Building Complex; and
- (c) balance on completion of the sale of the Dwelling Unit.

In the event of sales following Commencement of Construction:

- (a) 1/2 on firm sales agreement for a Dwelling Unit; and
- (b) balance on completion of the sale of the Dwelling Unit.

No Sales Management Fee shall be payable unless and until the respective proposed buyer has delivered any deposits due under the respective sales agreement. For certainty, the above listing fee is separate and distinct from and does not include any fee payable to a co-operating agent or broker who has entered into a commission agreement with a proposed buyer independent of the Sales Manager, whether or not such co-operating agent or broker is also employed by or under contract arrangements with the Sales Manager or its Affiliates with respect to the Project.

**ARTICLE 5  
SALES MANAGEMENT SERVICES**

**5.1 Appointment**

The Owner hereby appoints the Sales Manager and the Sales Manager agrees to be responsible for the management and supervision of the marketing and sale of the Dwelling Units on the terms and conditions and for the remuneration set out in this Agreement and at the sole cost and expense of the Owner, except as set out herein. The Sales Manager represents and covenants with the Owner that it has and that it will continue to have throughout the term of this Agreement the facilities, personnel and experience to provide to the Owner the Sales Management Services in a competent and efficient manner in keeping with the standards of the industry for first class projects similar to the Project.

**5.2 Duties of the Sales Manager**

Without limiting the generality of Section 4.1, the services (the "**Sales Management Services**") to be performed by the Sales Manager shall include, without limitation, the following, which shall be undertaken in accordance with the standard required pursuant to Section 10.2 hereof:

- (a) consulting with the Development Manager, Construction Manager and the Owner to prepare a cost plan, unit pricing strategy and marketing strategy for the sale of Dwelling Units in the Project and each phase thereof, if applicable;
- (b) marketing the Dwelling Units and hiring and employing sufficient competent real estate agents and brokers to sell the Dwelling Units, including acting as the listing broker;
- (c) making all reasonable efforts to obtain suitable purchasers to purchase all of the Dwelling Units in the Project, either through its own efforts (by advertising, posting signs, preparing circulars or attending public relations functions or otherwise as approved by the Owner) or through real estate brokers or agents. For greater certainty, provided efforts to market the Project are as set out in the Project Budget, they will be a cost of the Owner and not a cost of the Sales Manager, otherwise such costs are for the account of the Sales Manager;
- (d) preparing and negotiating the terms of agreements of purchase and sale in the form approved by the Owner, with bona fide, arm's length purchasers of Dwelling Units;
- (e) submitting offers to purchase for Dwelling Units signed by purchasers to the Owner for approval and execution and identifying to the Owner and Development Manager any deviations from the approved form;
- (f) reporting not less than weekly to the Development Manager with respect to the Sales Manager's activities, the details of sales of Dwelling Units and comparisons of actual results to budgets;
- (g) preparing such reports regarding sales of Dwelling Units as the Development Manager, the Owner, or the lenders or bonding companies financing the Project may reasonably require;
- (h) periodically carrying out such research and market studies as are reasonably determined necessary by the Development Manager or requested by the Owner in order to properly plan the sale of the Dwelling Units in the Project;
- (i) designing and implementing marketing and sales strategies for the Dwelling Units or the Project, either locally, regionally, nationally or internationally, either singly or as part of a multiple asset disposition, in a manner reasonably calculated to generate the maximum selling price and in accordance with the requirements of the Owner and the reports provided by the Development Manager pursuant to the Development Management Agreement. Provided such marketing costs payable to bona fide third parties and in-house marketing costs are contained in the Project Budget or have been specifically approved by the Owner they shall be the

responsibility of the Owner, otherwise such costs shall be for the account of the Sales Manager. The Sales Manager shall co-ordinate all disposition activities with the Owner or such other consultants or advisors as the Owner may engage in connection with such dispositions:

- (j) preparing and reviewing with the Owner and Development Manager suggested price lists for Dwelling Units and revising them in accordance with the requirements of the Owner;
- (k) providing periodic reports to the Owner (which shall be at least monthly and otherwise within five (5) days following receipt of a request from the Owner) as to the status of the marketing of the Project, in form and substance required by the Owner from time to time;
- (l) attending to the preparation, execution, delivery and filing of the legal documentation required for the sale of Dwelling Units, including disclosure statements and amendments to disclosure statements and receipts therefor, purchase and sale agreements and transfer documents and, if applicable, documentation required for securities legislation compliance, all of the foregoing subject to final approval of the Owner;
- (m) overseeing and administering the on-site or off-site sales centre (the "Sales Centre") in respect of the Project, if approved by the Owner;
- (n) negotiating or assisting the Owner to negotiate with any purchaser or prospective purchaser and delivering purchase and sale agreements and amendments thereto to the Owner for execution, provided that the sales prices therefor meet or exceed those set out in any list of sale prices approved by the Owner in writing;
- (o) supervising and co-ordinating the work of all marketing firms, lawyers and other consultants and contractors in connection with the marketing and sale of Dwelling Units and co-ordinating the completion of sales transactions and the payment out of funds;
- (p) co-operating with any real estate agents for the sale of Dwelling Units;
- (q) such other duties as are normally carried out by a sales manager in connection with the marketing and sale of real property similar to the Dwelling Units, to the intent that the Sales Manager shall cause the Project to be marketed and sold in conformity with the requirements of applicable statutes, laws, by laws, ordinances and agreements.

### 5.3 Books of Account

Proper books of account shall be kept by the Sales Manager at the Owner's expense for the Owner and entries shall be made therein of all such matters, terms, transactions and things which are usually written and entered in books of account kept by others engaged in an enterprise of a similar nature and the Owner shall have free access at all reasonable times upon reasonable notice to

inspect, examine and copy them and shall at times furnish to the other correct information, accounts, statements on and concerning all such transactions without concealment or suppression.

## ARTICLE 6 BUDGET AND CASH MANAGEMENT

### 6.1 Budget and Cash Requirements

The Sales Manager shall provide information to and work together with the Development Manager and the Construction Manager to prepare and implement the Project Budget as approved by the Owner and shall be authorized, without the need for further approval, to make the expenditures and incur the obligations provided for therein.

### 6.2 Costs and Expenses of the Project

Except as specifically set out in this Agreement, all out-of-pocket costs and expenses reasonably incurred, paid or payable by the Sales Manager in connection with the performance of its duties and obligations under this Agreement, in connection with the sale of the Dwelling Units and in accordance with the Project Budget or otherwise approved by the Owner in its sole and absolute discretion in advance shall be for the account of the Owner. Notwithstanding anything contained in this Agreement, the fulfilment of the covenants, obligations and agreements of the Sales Manager pursuant to this Agreement shall always be subject to the receipt by the Sales Manager of sufficient funds to meet such obligations.

### 6.3 Reimbursement of Sales Manager

If the Owner fails to furnish, in accordance with and subject to the provisions of this Agreement, any required funds, the Sales Manager shall not be required to expend its own funds and shall not have any liability whatsoever for any consequences arising from such failure by the Owner and the Owner will indemnify and hold the Sales Manager harmless from and against any Claim whatsoever arising from the Sales Manager's failure to make any expenditures by reason solely of not receiving such funds from the Owner or arising as a result thereof.

### 6.4 Non-Reimbursable Costs

The following matters, costs and expenses which may be incurred by the Sales Manager in connection with the performance by the Sales Manager of its services under this Agreement are hereby deemed to be the responsibility of the Sales Manager and shall not be charged to the Owner:

- (a) the Sales Manager's head office, rental charge therefor, utility costs, head office staff, supplies and all other matters incidental to the maintenance and operation of such head office; provided, however, that nothing herein shall make the Sales Manager responsible for reasonable costs and expenses incurred in connection with out-of-pocket expenses solely relating to the Project and incurred in accordance with the Budget or approved by the Owner in advance, ("Project Out of Pocket Expenses") and such Project Out of Pocket Expenses shall be costs and expenses of the Owner, which shall include, and not be limited to: (i) rent and other operating costs with respect to the Sales Centre provided for in the Project Budget; and (ii)

reasonable expenses incurred, to a maximum of \$250,000 per year, in the employment of administrative staff (other than real estate agents) dedicated to working on the Project (or, in the event such staff are also involved in matters other than the Project, that portion attributable to the Project in accordance with ASPE), whether such staff are located at the Sales Centre or otherwise;

- (b) all costs and expenses incurred by the Sales Manager on account of salaries and benefits paid to its head office clerical employees, executives, principals and management personnel generally, including Worker's Compensation contribution costs or deductions, unemployment insurance and Canada Pension Plan contributions, costs or deductions for such employees, insurance policies of any nature or kind whatsoever, including medical or dental, life, sickness, accident or liability policies, obtained with respect to any head office clerical employees, executives, principals and management personnel generally of the Sales Manager.

#### 6.5 Project Revenues

All revenues from the sale of Dwelling Units, whether in the form of cash, cheques or other negotiable instruments, including sales proceeds, shall be received and collected by the Sales Manager on behalf of and for the account of the Owner and promptly remitted to the Development Manager for deposit into the bank account maintained by the Owner, until disbursed as herein provided, shall be deposited to the aforesaid bank account.

### ARTICLE 7 DEFAULT AND TERMINATION

#### 7.1 Termination

If at any time: (i) an Event of Default has occurred and is continuing under this Agreement or by specifying the Event of Default or other reason for termination, in reasonable detail (the "**Default Notice**") and, upon expiration of ten (10) business days the Event of Default is continuing, the Owner may terminate this Agreement by notice to the Manager stating that this Agreement is terminated and the reasons therefor.

#### 7.2 Events of Default

An "**Event of Default**" on the part of the Sales Manager shall mean:

- (a) fraud, wilful misconduct or gross negligence of the Sales Manager or any of its officers, directors, shareholders or employees in the performance of its or their obligations under this Agreement (each a "**Negligent Act**");
- (b) a breach by the Sales Manager of its obligations under this Agreement other than by reason of the failure of the Owner to perform its duties and discharge its obligations under this Agreement; or
- (c) an Event of Insolvency of the Sales Manager.

#### 7.3 Event of Insolvency

An "**Event of Insolvency**" with respect to the Sales Manager shall mean the occurrence of any one of the following events:

- (a) if the Sales Manager shall be wound-up, dissolved, liquidated or have its existence terminated or has any resolution passed therefor or shall make a general assignment for the benefit of its creditors or a proposal under the *Bankruptcy and Insolvency Act* (Canada), as amended or re-enacted from time to time, or is adjudged bankrupt or insolvent or if it proposes a compromise or arrangement under the *Companies' Creditors Arrangement Act* (Canada), as amended or re-enacted from time to time, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future law relative to bankruptcy, insolvency or other relief for or against debtors generally; or
- (b) if a court of competent jurisdiction shall enter a receiving order against the Sales Manager or shall enter an order, judgment or decree approving a petition filed against the Sales Manager seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, winding-up, termination of existence, declaration of bankruptcy or insolvency or similar relief under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors generally, and the Sales Manager shall acquiesce in the entry of such order, judgment or decree or such order, judgment or decree shall remain unvacated and unstayed for an aggregate of twenty (20) days (whether or not consecutive) from the date of entry thereof or if any trustee in bankruptcy, receiver, receiver and manager, liquidator or any other officer with similar powers is appointed whether privately or judicially for the Sales Manager with the consent or acquiescence of the Sales Manager and such appointment remains unvacated and unstayed for an aggregate of twenty (20) days (whether or not consecutive);
- (c) if the ability of the Sales Manager to carry out its duties hereunder has been materially adversely affected by an encumbrancer taking possession of the Sales Manager's property and such encumbrancer remains in possession thereof for an aggregate of twenty (20) days (whether or not consecutive); and/or
- (d) if such party shall be insolvent.

#### 7.4 Termination by Sales Manager

If at any time the Owner shall have failed to make any payment to which the Sales Manager shall be entitled hereunder, the Sales Manager may give notice to the Owner specifying in reasonable detail the matter complained of and if, within ninety (90) days following receipt thereof, the matter complained of is not cured, the Sales Manager may terminate this Agreement or its appointment as Sales Manager hereunder by written notice (a "**Termination Notice**") to the Owner stating that such appointment is terminated and the reasons therefor.

### 7.5 Obligations of Sales Manager on Termination

Within thirty (30) days following termination of the Sales Manager, the Sales Manager shall deliver to the Owner:

- (a) all records and documents including, without limitation, all executed agreements and correspondence relating to the Project, and all books of account maintained in accordance with the provisions of this Agreement including, without limitation, all computer tapes, disks, diskettes and any other storage media; and
- (b) all materials and supplies for which the Sales Manager has been paid by the Owner and which were purchased in accordance with the provisions of this Agreement or the Project Budget.

which are in the possession or control of the Sales Manager and relate to the development and sale of the Property, Project or the Dwelling Units, provided, however, that the Sales Manager may retain copies of such records, documents and books of account and, both before and after termination, the Owner shall produce at its offices during reasonable business hours the originals of such records, documents and books of account whenever reasonably required to do so by the Sales Manager and permit the Sales Manager to make copies or extracts therefrom, solely at the Sales Manager's expense, for the purpose of legal proceedings or dealings with any governmental authorities.

### 7.6 Obligations of Owner on Termination

Upon termination of the Sales Manager, the Owner shall pay for and indemnify the Sales Manager against the costs for all services, material and supplies, if any, which have been ordered by the Sales Manager in the proper performance of its obligations under this Agreement and are provided for in the Project Budget, but which have not been paid for by the Sales Manager and reimbursed as required hereunder at the time of termination.

### 7.7 Rights on Termination

Any termination of the Sales Manager shall terminate all rights and obligations under this Agreement between the Sales Manager and the Owner, except those relating to amounts owing, including, without limitation, amounts owing pursuant to any indemnities, or to remedies in respect of any defaults. In the event of termination, the Sales Management Fee earned by the Sales Manager as of such date shall be payable to the Sales Manager up to the date of termination.

## ARTICLE 8 INDEMNITIES

### 8.1 Indemnity by Owner

UNIONVILLE RE DEV CORPORATION (the "Indemnitor") agrees to indemnify and hold harmless Watford Development ("Watford Development"), each of its subsidiaries and affiliates and each of their respective directors, officers, employees, partners, agents, shareholders, advisors and each partner and each principal of Watford Development (collectively, the "Indemnified

Parties" and individually, an "Indemnified Party") from and against any and all expenses, losses, claims, actions, costs, damages and liabilities of every nature and kind (including, without limitation, the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity) (collectively, the "Claims") to which any Indemnified Party may become subject or otherwise involved in any capacity insofar as such Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the attached agreement, the engagement of Watford Development thereunder, the performance of professional services rendered by Watford Development thereunder or otherwise in connection with the matters referred to therein.

Notwithstanding the foregoing, the Indemnitor shall not be obligated to indemnify an Indemnified Party in respect of a Claim to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Claim was primarily caused by the gross negligence or willful misconduct of such Indemnified Party.

If for any reason (other than a determination as to any of the events referred to in the second paragraph of this indemnity) the foregoing indemnification is unavailable to Watford Development or any other Indemnified Party or is insufficient to hold Watford Development or any other Indemnified Party harmless, the Indemnitor shall contribute to the amount paid or payable by Watford Development or any other Indemnified Party as a result of such Claims in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and Watford Development or any other Indemnified Party on the other hand but also the relative fault of the Indemnitor, Watford Development or any other Indemnified Party as well as any relevant equitable considerations.

The Indemnitor agrees that in case any action, suit, proceeding, claim or investigation shall be brought against the Indemnitor and/or any Indemnified Party and any Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of the attached agreement, the engagement of Watford Development thereunder, the performance of professional services by Watford Development thereunder or otherwise in connection with the matters referred to therein, such Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs and out-of-pocket expenses incurred by such Indemnified Party and its personnel in connection therewith shall be paid by the Indemnitor as they occur.

Promptly after receiving notice of an action, suit, proceeding or claim against Watford Development or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, an Indemnified Party will notify the Indemnitor in writing of the particulars thereof. The omission so to notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to any Indemnified Party except only to the extent that any delay in or failure to give notice as herein required materially



prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnitor would otherwise have under this indemnity had an Indemnified Party not so delayed in or failed to give the notice required hereunder.

The Indemnitor shall have 30 days after receipt of the notice, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. If such defence is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to Watford Development, will keep Watford Development advised of the progress thereof and will discuss with Watford Development all significant actions proposed.

Notwithstanding the foregoing paragraph, any Indemnified Party shall have the right, at the Indemnitor's expense, to employ counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defence and employed counsel therefor within 30 days after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Indemnitor or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnitor or that there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in any of which events the Indemnitor shall not have the right to assume or direct the defence on the Indemnified Party's behalf).

No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made and the Indemnitor shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent, such consent not to be unreasonably withheld.

The Indemnitor hereby constitutes Watford Development as trustee for the other Indemnified Parties of the Indemnitor's covenants under this indemnity with respect to such persons and Watford Development agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

This indemnity and contribution obligations of the Indemnitor hereunder shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, Watford Development and any other Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement.

## 8.2 Survival of Obligations

The indemnities contained in this 8 shall survive the expiry or earlier termination of this Agreement.

## ARTICLE 9 ASSIGNMENT AND CHANGE OF CONTROL

### 9.1 Assignment

The Sales Manager shall have no right to assign all or any part of its rights and obligations under this Agreement without the prior consent in writing of the Owner, which consent may be withheld in the Owner's sole and unfettered discretion.

## ARTICLE 10 CONFIDENTIALITY

### 10.1 Confidentiality

Each of the parties covenants and agrees to keep all information pertaining to or concerning this Agreement and the other party or the identity of the beneficial owners of the other party in strictest confidence, and not to disclose at any time hereafter any such information to any other Person, except legal counsel on a need to know basis as may be required in connection with the Project, provided that no party shall be obligated to keep in confidence or shall incur any liability for disclosure of information which:

- (a) was already in the public domain or comes into the public domain without any breach of this Agreement by the disclosing party;
- (b) is required to be disclosed pursuant to applicable laws or pursuant to policies or regulations of any regulatory authority or private or public body having jurisdiction over a party or of which a party is a member;
- (c) is required to be disclosed in any arbitration or legal proceeding;
- (d) in the case of an interest held in trust, disclosure of information to the beneficiaries of such trust; or
- (e) is contained in this Agreement from any consultant, accountant, lawyer or Project lender to the extent such Person requires disclosure in accordance with activities to be performed by it in connection with the Project or a Project financing.

To the extent that a party is required to disclose any confidential information pursuant to subparagraph (b) above, such party shall promptly, to the extent permissible, notify the other party in writing, which notification shall include the nature of the legal requirement and the extent of the required disclosure, and shall cooperate with the other party to preserve the confidentiality of such information consistent with applicable law.

**ARTICLE 11  
GENERAL**

**11.1 Unavoidable Delay**

The Owner agrees that the Sales Manager in carrying out its duties and obligations hereunder, will not be responsible for matters beyond its control ("**Unavoidable Delays**") including, without limitation, any strike, lockout, shortage of labour or materials or for matters involving the expenditure of funds which are not made available by the Owner (after notice from the Sales Manager to the Owner) or for matters which the Sales Manager is unable to carry out hereunder by reason of not having received the Owner's approval with respect thereto if such approval is required in the particular circumstances and provided such approval has been sought by the Sales Manager. In the event that the Sales Manager is prevented from performance on a given date by an item of Unavoidable Delay, the date of performance shall be delayed by a period of time equal to the period of such Unavoidable Delay. The Sales Manager will notify the Owner as soon as practicable after becoming aware of an event of Unavoidable Delay and will, from time to time, notify the Owner of the expected duration of the period of such Unavoidable Delay. Notwithstanding the foregoing, "**Unavoidable Delay**" shall not include any such event or cause which was or is avoidable by the exercise of reasonable efforts or foresight by such party (acting in a commercially reasonable manner).

**11.2 Duty of Care**

The Sales Manager shall perform, discharge and exercise the powers, duties and discretions entrusted to it under this Agreement honestly, in good faith and in the best interests of the Owner and the Project and, in connection therewith, it shall exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**11.3 Exclusivity**

It is understood and agreed that the services of the Sales Manager are not to be exclusive to the Owner or the Property and that the Sales Manager may now and hereafter be engaged in other building and/or development projects either for its own account or for others and such activities are hereby expressly permitted. The Owner acknowledges that except as set out above with respect to the Competitive Ventures, the principals of the Sales Manager may be engaged in other building and/or development projects either for their own accounts or for others and the Owner acknowledges that such engagement on such other building and/or development projects shall not, in and of itself, be a conflict of interest, provided that the Sales Manager must at all times act honestly and in good faith and in the best interests of the Project, and in connection therewith, it shall exercise that degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and the Sales Manager must at all times devote appropriate time and expertise to the Project.

**11.4 Governing Law**

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

**11.5 Compliance with Law**

The Sales Manager will take reasonable steps to ensure compliance at the cost and expense of the Owner as hereinafter provided with all restrictions and obligations, statutory, municipal or otherwise, with respect to the Property and imposed upon the Owner or for which the Owner may be liable at law.

**11.6 Independent Contractor**

Nothing in this Agreement shall be construed as to or shall constitute a partnership or joint venture between the Owner and the Sales Manager. The duties to be performed and the obligations assumed by the Sales Manager shall be performed and assumed by it as an independent contractor and the Sales Manager is not authorized to bind the Owner, or any other Person outside the scope of its authority as Sales Manager pursuant to this Agreement.

**11.7 Invalidity of Provisions**

If any covenant, obligation or agreement of this Agreement, or the application thereof to any Person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or agreement to Persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected thereby and each covenant, obligation or agreement of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

**11.8 Successors**

This Agreement and all rights, entitlements, duties and obligations arising from it shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

**11.9 Notices**

Any notice required or permitted to be given hereunder to a party shall be in writing and shall be effectively given if delivered personally or by overnight courier addressed to:

In the case of Manager:

Watford Development Inc.

62 Hepburn Street.

Markham ON

L3S 3Z9

and in the case of Owner:

Unionville Re Dev Corporation  
157 Main Street  
Unionville, ON  
Suite 201  
L3R 2G8

or to such other address of a party as it shall specify to the other party by written notice given in the manner aforesaid. Any such notice personally delivered or by overnight courier between the hours of 9:00 a.m. and 5:00 p.m. on a Business Day shall be deemed to have been validly and effectively given and received on the date of such delivery.

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**IN WITNESS WHEREOF** the parties hereto have caused this Agreement to be signed by their respective duly authorized officers as of the date first written above.

**WATFORD DEVELOPMENT INC.**

Per: Harshal Dave  
Name: Harshal Dave  
Title: President & CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/We have authority to bind the Corporation.

**UNIONVILLE RE DEV CORPORATION**

Per: Harshal Dave  
Name: Harshal Dave  
Title: President & CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I/We have authority to bind the Corporation.

SCHEDULE "B"

PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT as of 9<sup>TH</sup>, OF DECEMBER, 2016

BETWEEN:

UNIONVILLE RE DEV CORPORATION

(hereinafter collectively called the "Owners")

OF THE FIRST PART

AND:

WATFORD DEVELOPMENT INC.

(hereinafter called the "Manager")

OF THE SECOND PART

WHEREAS:

- A. The Owners are the beneficial owners of the Properties herein described;
- B. The Owners desire to appoint a manager and superintendent of the Properties;
- C. The Manager represents that it has the local knowledge, facilities, staff and expertise and holds all necessary licenses and permits to act as property manager for the Properties and the Owners rely on that representation; and
- D. The Owners and the Manager have agreed to provide for the management and operation of the Properties subject to the terms and conditions contained herein.

NOW THEREFORE in consideration of the premises and of the mutual covenants and agreements hereinafter contained, the parties agree with each other as follows:

1. Definitions

The capitalized words and phrases used herein shall have the meaning ascribed to such words and phrases as set out in **Appendix A** hereto.

2. Appointment of Manager

2.1 Appointment. The Owners hereby appoint the Manager as the sole and exclusive manager and superintendent of the Properties. The Manager accepts such appointment and covenants and agrees with the Owners to operate, superintend, inspect, manage and maintain the Properties and do all acts and things with respect thereto in a sound, diligent, businesslike, efficient, honest and diligent manner to the standard of property managers in Canada of property comparable in type, age, class and location to the Properties.

2.2 Plans and Budgets. Without limiting Section 4.2(d), the performance of the Manager's duties are subject to and shall be in accordance with the applicable Operating Budget and Capital Budget (as defined in Section 4.2(d)).

2.3 Income. The Owners do hereby authorize the Manager to undertake and use all reasonable efforts on behalf of the Owners to obtain the highest possible net operating income from the Properties, having regard to the leasing, operating and rental policies of the Owners from time to time and the limitations on the Manager's duties set out herein.

2.4 Property Officers. Within a reasonable period following the Commencement Date, the Manager will designate and advise the Owners of the Property Officer for each of the Properties, and thereafter will notify the Owners of any change in the Property Officer. The Property Officer shall be the Owners' primary contact with the Manager.

2.5 Nominee. The Manager acknowledges that legal title to the Properties is held by the Nominee as the bare trustee and nominee of the Owners. The Manager further acknowledges that any action taken by, and any discretion exercised by, the Nominee shall be taken or exercised as the agent of the Owners on the direction of the Owners.

3. Term of Appointment and Default

3.1 Appointment and Termination. The appointment of the Manager shall commence on the Commencement Date and shall terminate on the Expiry Date.

3.2 Termination by Owners. The Owners (without limiting any other right to terminate under this Agreement) may terminate this Agreement on written notice to the Manager:

- (a) Insolvency. if the Manager becomes insolvent, fails to pay its debts generally as they become due, voluntarily seeks, consents to or acquiesces in the benefit of any

compromise or arrangement under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other applicable liquidation, bankruptcy, moratorium, rearrangement, receivership, administration, insolvency, reorganization, fraudulent transfer or conveyance, suspension of payments or similar laws from time to time in effect affecting the rights of creditors generally in any relevant jurisdiction (collectively, "**Debtor Relief Law**") other than as a creditor or claimant, or it becomes a party to or is made the subject of any proceeding provided for under any Debtor Relief Law, other than as a creditor or claimant, unless in the event such proceeding is involuntary, such proceeding or the petition instituting same is dismissed within thirty (30) days after its filing; or

- (b) Cross-Default, upon any uncured default of the Manager (as a co-owner) under the Co-Owners Agreement.

3.3 Termination by Owners or Manager. The Owners or the Manager, on written notice to the other (the "**Defaulting Party**"), may terminate this Agreement for any cause recognized at law or if the Defaulting Party is in default under any of its obligations under this Agreement, including but not limited to:

- (a) failure to make any payment required under this Agreement, or any other commitment undertaken or agreement entered into pursuant to this Agreement;
- (b) in the performance or observance of any of their non-payment obligations under this Agreement, any other agreement entered into, or commitment undertaken, pursuant to this Agreement or otherwise incurred by them in accordance with this Agreement, or
- (c) in the event of any fraud, theft, gross negligence or wilful misconduct,

provided that, if the default does not involve any fraud, dishonesty, gross negligence or wilful misconduct on the part of the Defaulting Party or those for whom it is responsible at law, the non-defaulting party shall first give written notice to the Defaulting Party of such default in reasonable detail and the Defaulting Party shall have a period of thirty (30) days following receipt of such written notice within which to cure such default or, if such default cannot reasonably be cured within such thirty (30) day period, such longer period of time not to exceed ninety (90) days as may be reasonably necessary to cure such default provided the Defaulting Party has commenced to cure the default within such thirty (30) day period and continuously and diligently pursues curing such default thereafter, and this Agreement shall not be terminated until the expiry of the time permitted hereunder to the Defaulting Party to cure such default.

3.4 Effect of Termination. Upon termination of this Agreement:

- (a) Income Statement. the Manager shall, within twenty-one (21) business days thereafter, render to the Owners a final statement of income received by the Manager for the account of the Owners and relating to each Property and pay over

any balance in the Manager's trust account remaining to the credit of the Owners after deduction by the Manager of all fees, monies and Reimbursable Expenses then outstanding;

- (b) Deliverables. the Manager shall surrender to the Owners all keys, lease agreements, contracts, receipts, deposits, unpaid bills, budgets, operating records and all other documents relating to the Properties on the date of termination of this Agreement;
- (c) Assignments. the Manager shall assign to the Owners, the Nominee or their replacement property manager, and the Owners, the Nominee or such replacement property manager shall accept, such assignment to the exoneration of the Manager (subject to Section 3.4(f) below), all contracts with Third Parties entered into by the Manager in its own name (if applicable) in respect of the Property; provided, however, that the Owners shall not be required to accept an assignment of any such contracts which were not entered into in accordance with this Agreement;
- (d) Other. the Manager shall provide such other information and documentation required to allow the Owners (i) to effect the termination of the Manager's performance of its services hereunder or with respect to the Properties, as applicable, and (ii) to transfer performance of the Manager's services hereunder to a new manager, if applicable;
- (e) Payment. the Owners shall pay within fourteen (14) days of receipt of an invoice therefor any balance owing to the Manager (provided that the Manager is not in default under this Agreement) for services rendered pursuant to this Agreement up to the effective date of termination for the Properties;
- (f) Liability - neither the Manager nor the Owners shall be released from liability they may otherwise have hereunder for acts and omissions occurring prior to such termination;
- (g) Rights. rights which have accrued to the parties hereto prior to the date when such termination shall become effective shall in no way be affected or impaired; and
- (h) Signing Authority. the Manager shall immediately take all necessary measures to cancel its signing authority, if any, with respect to the Property Account and any other accounts in respect of the Properties and shall deliver to the Owners any sums belonging to the Owners remaining under its control and further, the Manager shall co-operate with diligence with the Owners and with any subsequent manager in order to ensure a harmonious and efficient transition of powers to the subsequent manager so as to effect an efficient and smooth transition of responsibility with respect to management of the Properties.

#### 4. Manager's Duties

4.1 General Duties. Without limiting the generality of Section 2.1 hereof, and subject to the limitations in Section 4.5 hereof, the Manager covenants and agrees with the Owners and is hereby empowered by the Owners:

- (a) Maintenance Employees. to hire and employ such persons as may be reasonably necessary for the proper maintenance and operation of the Properties, excepting any administrative personnel;
- (b) Management Employees. to hire and employ personnel necessary for the management of the Properties (including marketing and leasing activities) and to pay the employment expenses, provided such costs and expenses are recoverable through operating costs from the tenants;
- (c) Supplies. to purchase at competitive rates, on behalf of the Owners, all supplies, utilities, services and other materials necessary for the proper maintenance and operation of the Properties;
- (d) Occupancy. to maximize occupancy for the Properties and revenues and to minimize expenses, including without limiting the generality of the foregoing, to use reasonable commercial efforts to obtain tenants who will lease premises in the Properties and to cause such premises to be leased;
- (e) Rent Collection. to collect all rents and other income from the Properties and promptly and directly deposit such rents in the Property Account;
- (f) Repairs. to do or contract for all such incidental repairs and alterations to the Properties as are necessary and expedient;
- (g) Systems. to prepare, contract, receive, evaluate and report upon proposals for the installation or change or repair of electrical, mechanical, structural and other building systems, or in respect of major repairs to or replacements to any of the Properties, including the roof;
- (h) Tenants. to provide tenant co-ordination and liaison services;
- (i) General Management. to generally superintend, inspect, manage and maintain the Properties, subject to, and in accordance with, the provisions of this Agreement. Without limiting the foregoing, the Manager shall perform such other duties as are normally carried out by a property manager in connection with similar properties to the intent that the Manager shall generally do and perform and contract for all things necessary for the proper and efficient operation, maintenance, leasing, security and management of the Properties;

- (j) Leases. to deal promptly and courteously with all reasonable tenant requests and to give all notices and statements required to be given to tenants under the terms of the respective tenants' leases and to give all other notices necessary to accomplish efficient management of the Properties;
  - (k) Accounts. at the request of the Owners, to keep an account of all amounts paid to the Owners on account of distributions of Distributable Cash and establishment and maintenance of the Property Account;
  - (l) Payables. to pay, from the Property Account, all accounts on behalf of the Owners with respect to the Properties, including taxes, utilities, insurance and all other accounts of a general nature relating to the management of the Properties and all amounts payable in respect of capital expenditure on account of the Properties;
  - (m) Reports. to deliver monthly, quarterly and annual reports and within the time frames provided for in this Agreement or as may be otherwise Approved by the Co-owners;
  - (n) Insurance. to place and maintain adequate fire, liability, boiler, pressure vessel, and other insurance required from time to time in respect of the Properties at the expense of the Owners in accordance with Section 4.4 hereof;
  - (o) Taxes. to review the realty taxes annually and recommend appeals, if necessary;
  - (p) Budgets, Plans. to prepare for delivery and approval of the Owners annual operating and capital budgets and operating plans for the Properties within the time frames provided for in this Agreement or otherwise as may be Approved by the Co-owners;
  - (q) Insurance in Contracts. the Manager shall include a provision in all material maintenance, service and other contracts requiring that the contractor carry appropriate insurance in amounts and content Approved by the Co-owners, covering all persons engaged by it in performing the work and services;
  - (r) Maintenance Contracts Terminable. the Manager will ensure that any maintenance, service or other contracts are cancellable on no more than 30 days' notice without penalty, unless otherwise Approved by the Co-owners; and
  - (s) Laws. to take all necessary steps to comply, or cause tenants to comply, with all applicable municipal or other governmental requirements pertaining to the Properties.
- 4.2 Reporting: The Manager also agrees that it will, during the currency of its appointment as Manager hereunder:

- (a) deliver to the Owners quarterly not later than 10 business days following the end of each calendar quarter in a form acceptable to the Owners, acting reasonably:
- (i) an accounts payable listing;
  - (ii) an analysis of expense items;
  - (iii) variance reports to the operating plan, Operating Budget and Capital Budget with commentary; and
  - (iv) a property management report, including financial statements, leasing commentary, and confirmation that all taxes attributable to each of the Properties have been timely remitted;
- (b) deliver such reports and information when and as required by any Property Financing and Approved Property Encumbrances (as those terms are defined in the Co-Owners Agreement) and otherwise manage compliance with any Property Financing and Approved Property Encumbrances;
- (c) cause the payment, on behalf of the Owners, or as they otherwise may direct, monthly, of the Distributable Cash in the Property Account, which payment shall be made by cheque or wire transfer, and which shall be sent concurrently with a statement of distribution (sent by email); provided that all such payments shall be made in Canada to a Canadian resident;
- (d) deliver to the Owners annually, at least ninety (90) days prior to commencement of each calendar year: (i) an anticipated revenue and expenditure budget for the coming calendar year and a five (5) year capital budget, both to be Approved by the Co-owners (being, respectively, when Approved by the Co-owners, the "**Operating Budget**" and the "**Capital Budget**"), and (ii) a proposed annual operating plan to be Approved by the Co-owners;
- (e) deliver to the Owners annually, within fifteen (15) business days after the expiry of each calendar year and each of the Owners' fiscal years, an unaudited year-end report comparing the Operating Budget to actual expenditures for and reconciling the operating funds collected during such calendar year or fiscal year, as the case may be, and audited financial statements within sixty (60) days after the expiry of each of the Owners' fiscal year; and
- (f) honestly and diligently carry out and perform all its duties and obligations under this Agreement.
- 4.3 Rent Collection. The Manager shall take such steps as are reasonable and proper in the circumstances to collect all rent, additional rent, occupancy charges, taxes and other sums payable by tenants of the Properties, provided that the Manager shall not be liable to the

- Owners for any arrears of rentals or other payments due from tenants or any other person with respect to the operation of the Properties. The Manager, acting on a commercially reasonable basis, shall take any legal proceedings available to the Owners for the recovery of any rent due and unpaid, settle, comprise or discontinue any such proceedings and use available remedies to recover all sums of money due and owing for the rent or other indebtedness.
- 4.4 Insurance. If so requested by the Owners and subject to approval as to the form and content thereof in accordance with Section 4.5(g), the Manager shall, as a Reimbursable Expense, place and maintain adequate fire, liability, boiler, pressure vessel, and other insurance required from time to time in respect of the Properties. Such insurance coverage shall include, at a minimum general commercial liability and public liability insurance in an amount of not less than \$5,000,000 per occurrence or per year in respect of the Properties which names the Manager as an additional or co-insured and a deductible of no more than \$100,000 per occurrence, unless otherwise agreed by the Owners. The Manager shall, from time to time at the request of the Owners, provide the Owners with an insurance cover note confirming such insurance coverage.
- 4.5 Decisions Requiring Consent of the Owners. The following actions may only be undertaken by the Manager with the prior Approval of the Owners:
- (a) Unbudgeted (i.e., not in the Operating Budget or Capital Budget) alterations, expansions, renovations, or redevelopment of the structures of any Properties;
  - (b) Financing or granting a lien on any Property;
  - (c) Entering into any contracts or agreements with a party that is not at Arm's Length if not approved in the Capital Budget or any lease or offer to lease of all or a portion of a Property where the material terms and conditions are not specifically set out in a leasing plan Approved by the Co-owners;
  - (d) Making any capital expenditure not recoverable from tenants in the normal course of operations and any single or aggregate unbudgeted capital expenditures in excess of \$5,000;
  - (e) Any expenditure in the Operating Budget or Capital Budget (other than emergency) that would cause a negative budget variance of the lesser of 5% of the particular expense category or \$10,000 on any individual Property;
  - (f) Any termination of leases or modification of any terms of leases, or granting or withholding any approvals or waivers under the leases;
  - (g) Establishing an insurance program and policy;

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- (h) Initiating or settling any litigation (except as required for the collection of rent as contemplated in Section 4.3) or insurance claim except where specifically approved in the Operating Budget;
  - (i) The conveyance or acquisition of real property interests in the Properties other than leases, and licenses, easements or access rights not terminable on less than 60 days by the landlord;
  - (j) Approving individual Property and consolidated budgets on an annual basis;
  - (k) Entering into of any unbudgeted contracts at any of the Properties where the amount payable pursuant thereto is cumulatively in any fiscal year in excess of \$15,000; and
  - (l) Any action that would constitute a "Major Decision" under the Co-owners Agreement.
- 4.6 Due Diligence Matters. The Manager shall provide reasonable assistance to the Owners in satisfying any proposed purchaser, transferor, mortgagee or lender in respect of one or more of the Properties that conducts due diligence investigations. This will be done without any additional cost to the Owners, except for reasonable out of pocket expenses incurred by the Manager, and will include, without limitation, obtaining signed estoppel certificates from tenants or occupants of such Properties and making available copies of all documents relating to the Properties for delivery to prospective purchasers, transferees or lenders under the terms of any applicable agreement of purchase and sale or financing.
- 4.7 Employees of Manager. The Manager shall, on its own behalf, employ all personnel that are required in connection with the management, supervision, maintenance, repair and operation of the Properties and shall maintain proper payroll records, make all payroll reports and returns required by law and will remit all deductions, taxes and other withholdings to the proper authorities.
5. Manager's Fees
- 5.1 In consideration of the services to be performed by the Manager hereunder, the Owners covenant and agree as follows:
- (a) Property Management Fee: The Manager shall be entitled to receive a fee of 5% of the Gross Rental Income of the Property.
  - (b) Reimbursable Expenses: The Owners shall not be responsible to pay to the Manager any fees or disbursements except as expressly provided for in this Agreement. If, however, the Manager proposes to engage a third-party consultant or other service-provider at the expense of the Owners for a matter not

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contemplated by this Agreement, then the Manager shall seek the prior Approval of the Owners, and if and to the extent, if any, Approved by the Co-owners, the Owners shall reimburse the Manager for it as a reimbursable expense ("Reimbursable Expense").

- 5.2 Taxes. All applicable taxes, including QST/GST/HST payable on the Manager's Fees shall be deducted by the Manager from Gross Monthly Rental in the same manner as the Manager's Fees.

## 6. Owners' Covenants

- 6.1 Covenants. The Owners covenant and agree:
- (a) that during the currency of this agreement the Owners will not, without the prior written consent of the Manager, amend or modify the terms of any lease so as to result in a net decrease in the management and administration fees payable by the tenant thereunder;
  - (b) to furnish to the Manager in a timely fashion all documents and records which may be required by the Manager to properly manage the Properties;
  - (c) to promptly respond to any requests of the Manager for direction or information required by the Manager to properly manage the Properties; and
  - (d) to grant to the Manager the exclusive right during the currency of its appointment under this Agreement to place management signs in select areas on the Properties as Approved by the Co-owners.
- 6.2 Deficiency. If the Gross Monthly Rental for any given month is insufficient to defray the expenditures necessary for the proper operation, maintenance, repair and management of the Properties or to pay any of the Manager's Fees, Reimbursable Expenses or the cost of any improvements, renovations, replacement or alterations Approved by the Co-owners, the Manager shall notify the Owners in writing specifying the details together with relevant documentation of such deficiency and the Owners (as provided for in Section 9.1) shall forthwith pay to the Property Account an amount sufficient to remedy such deficit within 10 business days of such request. The Manager shall not be in default of its obligations hereunder if the failure to observe or perform such obligations is due to the existence of such deficit.
- 6.3 Responsive. The Owners shall promptly respond to all notices and other communications from the Manager and shall at all times keep the Manager informed as to the whereabouts of the responsible officers or employees of the Owners to be consulted in the event of an



emergency or in the event that some major decision with respect to a Property must be made immediately.

## 7. Indemnity

- 7.1 UNIONVILLE RE DEV CORPORATION (the "Indemnitior") agrees to indemnify and hold harmless Watford Development ("Watford Development"), each of its subsidiaries and affiliates and each of their respective directors, officers, employees, partners, agents, shareholders, advisors and each partner and each principal of Watford Development (collectively, the "Indemnified Parties" and individually, an "Indemnified Party") from and against any and all expenses, losses, claims, actions, costs, damages and liabilities of every nature and kind (including, without limitation, the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity) (collectively, the "Claims") to which any Indemnified Party may become subject or otherwise involved in any capacity insofar as such Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, the attached agreement, the engagement of Watford Development thereunder, the performance of professional services rendered by Watford Development thereunder or otherwise in connection with the matters referred to therein.

Notwithstanding the foregoing, the Indemnitior shall not be obligated to indemnify an Indemnified Party in respect of a Claim to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Claim was primarily caused by the gross negligence or willful misconduct of such Indemnified Party.

If for any reason (other than a determination as to any of the events referred to in the second paragraph of this indemnity) the foregoing indemnification is unavailable to Watford Development or any other Indemnified Party or is insufficient to hold Watford Development or any other Indemnified Party harmless, the Indemnitior shall contribute to the amount paid or payable by Watford Development or any other Indemnified Party as a result of such Claims in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitior on the one hand and Watford Development or any other Indemnified Party on the other hand but also the relative fault of the Indemnitior, Watford Development or any other Indemnified Party as well as any relevant equitable considerations.

The Indemnitior agrees that in case any action, suit, proceeding, claim or investigation shall be brought against the Indemnitior and/or any Indemnified Party and any Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of the attached agreement, the engagement of Watford Development thereunder, the performance of professional services by Watford Development thereunder or otherwise in connection with the matters referred to therein, such Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses

of such counsel as well as the reasonable costs and out-of-pocket expenses incurred by such Indemnified Party and its personnel in connection therewith shall be paid by the Indemnitior as they occur.

Promptly after receiving notice of an action, suit, proceeding or claim against Watford Development or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitior, an Indemnified Party will notify the Indemnitior in writing of the particulars thereof. The omission so to notify the Indemnitior shall not relieve the Indemnitior of any liability which the Indemnitior may have to any Indemnified Party except only to the extent that any delay in or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnitior would otherwise have under this indemnity had an Indemnified Party not so delayed in or failed to give the notice required hereunder.

The Indemnitior shall have 30 days after receipt of the notice, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. If such defence is assumed by the Indemnitior, the Indemnitior throughout the course thereof will provide copies of all relevant documentation to Watford Development, will keep Watford Development advised of the progress thereof and will discuss with Watford Development all significant actions proposed.

Notwithstanding the foregoing paragraph, any Indemnified Party shall have the right, at the Indemnitior's expense, to employ counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Indemnitior; or (ii) the Indemnitior has not assumed the defence and employed counsel therefor within 30 days after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Indemnitior or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnitior or that there is a conflict of interest between the Indemnitior and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in any of which events the Indemnitior shall not have the right to assume or direct the defence on the Indemnified Party's behalf).

No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made and the Indemnitior shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent, such consent not to be unreasonably withheld.

The Indemnitior hereby constitutes Watford Development as trustee for the other Indemnified Parties of the Indemnitior's covenants under this indemnity with respect to

such persons and Watford Development agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

This indemnity and contribution obligations of the Indemnitor hereunder shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, Watford Development and any other Indemnified Party. The foregoing provisions shall survive the completion of professional services rendered under this Agreement

#### 8. Assignment

8.1 Restriction; Affiliates. Neither party may assign this Agreement to any other person without the prior written consent of the other except as expressly provided for in this Agreement. However, the Manager may assign its interest in this Agreement to a qualified Affiliate of the Manager that assumes the Manager's obligations under this Agreement (but only if the assignee continues to be an Affiliate of the Manager throughout the term of this Agreement or assigns this Agreement to another qualified Affiliate of the Manager before ceasing to be an Affiliate of the Manager and the assignee assumes the obligations of the Manager under this Agreement).

8.2 Release. No assignment by the Manager, or by any assignee or subsequent assignee, will relieve the Manager or any assignee from any of its or their obligations under this Agreement; provided however that upon an assignment by the Manager to a person that is at Arm's Length from the Manager that is Approved by the Co-owners, the Manager shall be released from its obligations under this Agreement from and after the date of such assignment.

#### 9. Several Liability and Limited Recourse

9.1 This Agreement. Despite anything else in this Agreement: (a) the liability of the Owners to the Manager under this Agreement shall be several in proportion to the respective Owner's Proportion of the Properties, and not joint and severable; and (b) resort shall not be had to any other property of any of the Owners (other than to the extent necessary to enable recourse to the relevant Owner's interest in the Properties) nor shall any resort or recourse be had, or judgment executed, against any assets or revenues of any of the Owner other than its Owner's interest in the Properties.

9.2 Contracts. Unless otherwise Approved by the Owner, the Manager shall use commercially reasonable efforts to cause every agreement or instrument entered into by the Manager as agent for the Owner and creating obligations of the Owner to Third Parties (except for the encumbrances in existence as of the date of this Agreement), to contain provisions to the effect that only each Owner's interest in any of the Properties shall be bound by it and the obligations under it are not otherwise personally binding upon nor shall resort be had to

any other property of any of the Owner (other than to the extent necessary to enable recourse to the relevant Owner's interest in the Property) nor shall any resort or recourse be had, or judgment executed, against any assets or revenues of any of the Owner other than its Owner's interest in any of the Properties. However, such several liability and limited-recourse provisions shall not be required in leases or other agreements to use or occupy space in one or more Properties.

#### 10. General

10.1 Time. Time shall be of the essence of this Agreement and of every part hereof.

10.2 Further Assurances. The parties hereto and each of them hereby covenants and agree to do such things, to attend such meetings and to execute such further documents, agreements and assurances as may be deemed necessary or advisable from time to time in order to carry out the terms and conditions of this Agreement in accordance with their true intent.

10.3 Severability. If any covenant, obligation or provision contained in this Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such covenant, obligation or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and each covenant, obligation or provision of this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

10.4 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in Ontario.

Each party agrees (i) that any action or proceeding relating to this Agreement may (but need not) be brought in any court of competent jurisdiction in the Province of Ontario, and for that purpose now irrevocably and unconditionally attorns and submits to the jurisdiction of such Ontario court; (ii) that it irrevocably waives any right to, and will not, oppose any such Ontario action or proceeding on any jurisdictional basis, including *forum non conveniens*; and (iii) not to oppose the enforcement against it in any other jurisdiction of any judgment or order duly obtained from an Ontario court as contemplated by this Section.

10.5 Notices. All notices, requests, demands or other communications by the terms hereof required or permitted to be given by one party to another shall be given as provided for in the Co-Owners Agreement.

10.6 Independent Contractor. Despite the Manager being a beneficial co-owner of the Properties, the Owners and Manager agree that for the purposes of this Agreement the Manager shall be treated as an independent contractor for all purposes of this Agreement and is not an employee, partner or guarantor of the Owners.

- 10.7 Subordination. This Agreement, the rights of the Manager hereunder, including the right for the Manager to receive all fees, with respect to the Owners and the Property, if required by any lender, shall be subordinated to any loan documents (including without limitation any Joint Financing) and to all of the terms, conditions and provisions thereof, and to any renewal, substitution, extension, modification, or replacement thereof. The Manager agrees to execute from time to time such agreements as any lender of the Property may require in order to further evidence or confirm such subordination and the other provisions of this Section 10.8. Any such subordination shall permit the Manager to receive and retain its fees earned prior to an event of default under the applicable loan.
- 10.8 Enurement. Subject to Sections 8.1 and 8.2, all rights and obligations under the terms of this Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and permitted assigns.
- 10.9 Headings; Gender. The headings contained in this Agreement are for convenience of reference only and shall in no way affect the interpretation of this Agreement. Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders.
- 10.10 Execution. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Facsimile or electronic copies of this Agreement showing execution by a party are deemed to be conclusive evidence of execution by the party.

[Signature Page Follows]

IN WITNESS WHEREOF the parties hereto have executed this Agreement on the date first above written.

**UNIONVILLE RE DEV CORPORATION**, as  
Owner

Per: Harshal Dave  
Name: Harshal Dave  
Title: President & CEO

Per:  
Name:  
Title:  
I/We have the authority to bind the  
Corporation and the Corporation has  
authority to bind the Partnership

**WATFORD DEVELOPMENT  
INC.**

Harshal Dave

\_\_\_\_\_

as Manager

Per: Harshal Dave  
Name: Harshal Dave  
Title: President & CEO

Per: \_\_\_\_\_  
Name:  
Title:  
I We have the authority to bind the Corporation and the Corporation has authority to bind the Partnership

APPENDIX A

DEFINITIONS

- (a) "**Affiliate**" has the meaning has the meaning given to Affiliate in the Co-Owners Agreement;
- (b) "**Arm's Length**" means the relationship between Persons that are not "related persons" as defined in the *Income Tax Act* (Canada);
- (c) "**Capital Budget**" has the meaning given to it in Section 4.2(d);
- (d) "**Commencement Date**" means the date as of which this Agreement is fully executed;
- (e) "**Debtor Relief Law**" has the meaning given to it in Section 3.2(a);
- (f) "**Defaulting Party**" has the meaning given to it in Section 3.3;
- (g) "**Distributable Cash**" means the remaining cash available for distribution to the Owners from the Gross Monthly Rentals after deducting budgeted Property expenses, Manager's Fees and Reimbursable Expenses;
- (h) "**Expiry Date**" means the date that is the earliest of the date as of which: (i) this Agreement is terminated as provided for in Co-Owners Agreement or in this Agreement; and (ii) the Co-Owners Agreement is terminated;
- (i) "**Gross Monthly Rental**" means, without duplication, the aggregate of all rent, additional rental, tenant contributions and other recoveries (including any parking fees) required to be paid by tenants under their leases but excluding QST/GST/HST, taxes and damage deposits collected from or to be paid by tenants;
- (j) "**Improvements**" means all buildings, structures and fixed improvements constructed on, in or under the Lands (including any office areas, retail and shopping areas, above or below grade parking and delivery facilities) as of the date hereof, and all other buildings, structures and fixed improvements located from time to time on, in or under the Lands, together with all below and above grade connections, if any, to adjacent buildings, constructed as appurtenances to such buildings;
- (k) "**Lands**" means the lands legally described in Appendix "B" to this Agreement, together with all easements, rights of way and other rights or interests appurtenant or ancillary thereto;
- (l) "**Manager**" means Watford Development Inc.;
- (m) "**Manager's Fees**" means the aggregate of the Monthly Management Fee set out in Section 5.1(a) and the Reimbursable Expenses set out in Section 5.1(b);

## APPENDIX B

LANDS

- (n) "**Operating Budget**" has the meaning given to it in Section 4.2(d);
- (o) "**Owners**" Unionville Re Dev Corporation;
- (p) "**Person**" means an individual, a partnership (general, limited or limited liability), a corporation, a limited liability Owner, an unlimited liability Owner, a government or any department or agency thereof, a trust, any unincorporated organization and the heirs, executors, administrators, estate trustees or other legal representatives of an individual; and words importing "Person" have similar meanings.
- (q) "**Property Personnel**" means any person employed by the Manager who is engaged in the operation, administration or maintenance of a Property, and includes any manager, caretaker, custodian, cleaner, leasing agent, accounting, or other such person, excluding any administrative personnel;
- (r) "**Property Personnel Expenses**" means the aggregate of the salary, wages and benefits paid to the Property Personnel in respect of work done on or in respect of the Properties, and includes, the cost of all uniforms and special clothing and equipment, all costs of termination including severance pay and holiday pay;
- (s) "**Properties**" means the Lands and Improvements forming part of such Lands, together with the corresponding easements and other rights appurtenant thereto and all fixtures and other property whether real or personal, now or hereinafter acquired by the Owners in connection with same; and "**Property**" means any one of the Properties;
- (t) "**Property Account**" means an interest-bearing bank account used solely for the Properties opened by or on behalf of the Owners, in the Owners' name, to which the Manager and its designated Property Personnel have access for the purpose of transacting, including authorizing cheques, wire transfers and other credits to or debits from the account;
- (u) "**Property Officer**" means such person in the employ of the Manager who is designated from time to time by the Manager to have primary responsibility for the management, administration and supervision of a Property;
- (v) "**Reimbursable Expenses**" has the meaning given to it in Section 5.1(b); and
- (w) "**Third Party**" means a Person that is at Arm's Length to each Co-Owner and the Manager.

Municipal Address

174-178 Main Street, Unionville, ON

Legal Address

PT LT 12 Con 5 Markham Pts 1 &amp; 2 64R7629; S/T Ma

Municipal Address

182 Main Street, Unionville, ON

Legal Address

Pt Lt 12 Con 5 Markham

Municipal Address

186 Main Street, Unionville, ON

Legal Address

Pt Lt 12 Con 5 Markham as in R371141 S/T and T/W R371141; Markham

Municipal Address

194 Main Street, Unionville, ON

Legal Address

Pt Lt 12 Con 5 Markham as in R432659; Markham

**And any other future address acquired or contracted on the West Side of Main Street, Unionville**

**SCHEDULE "C"**  
**LAND ACQUISITION AGREEMENT**

THIS AGREEMENT made as of the 9<sup>th</sup> day of DECEMBER, 2016.

**UNIONVILLE RE DEV CORPORATION**  
(hereinafter referred to as the "Owner")

OF THE FIRST PART

- and -

**WATFORD DEVELOPMENT INC.**  
(hereinafter referred to as the "Manager")

OF THE SECOND PART

**Unionville Re Dev Corporation** (the "Owner") has and is considering a possible land acquisition now or hereinafter acquired for a development site for a proposed mixed use commercial residential (the "Land Acquisition Candidate"). As used in this agreement, the term "Acquisition Transaction" means, whether effected in one transaction or a series of transactions any acquisition or acquired interest by the Owner or one or more persons formed by or affiliated with UNIONVILLE Re Dev Corporation including, without limitation, any joint venture (each a "Owner Affiliate") of the Land Acquisition Candidate.

The purpose of this agreement is to appoint Watford Development Inc. ("Watford Development" "we" or other pronouns indicating Watford Development) to act as financial advisor to the Owner in connection with the Acquisition Transaction and to record our mutual understanding and agreement regarding the scope and terms of Watford Development's engagement.

1. **Appointment and Engagement.** By its acceptance of this agreement, the Owner hereby appoints Watford Development, and we agree to act, as exclusive financial advisor to the Owner in connection with the Acquisition Transaction on the terms and subject to the conditions as set forth below.
2. **Services to be Rendered by Watford Development.** Watford Development will provide the following financial advisory services to the Owner:

- (a) entering into discussions with potential land owners regarding an Acquisition Transaction;
- (b) preparing analysis of the Land Acquisition Candidate in the context of an Acquisition Transaction;
- (c) advising with respect to determination of an approximate price in connection with the Acquisition Transaction;
- (d) advising and assisting the Owner as to the form and structure of a proposed Acquisition Transaction;
- (e) advising with respect to the material terms and conditions of the Acquisition Transaction;
- (f) counseling the Owner as to strategy and tactics for discussions and negotiating with the Land Acquisition Candidate and, if requested by the Owner, participating in such discussions and negotiations; and
- (g) provision of such other advice and assistance as may reasonably be requested by the Owner with respect to the Acquisition Transaction.

Any of the above services may be provided to the Owner, the Board or a special committee of the Board.

3. **Additional Services.** The engagement of Watford Development to perform any services in addition to those described above (including in connection with the preparation and delivery of any formal valuation or any fairness or other opinion) shall be set forth in, and subject to the terms and conditions of, a separate agreement and the fees for such services will be negotiated separately in good faith and will be consistent with fees paid to investment bankers in North America for similar services in similar circumstances, which fees shall be in addition to, and not in substitution for, the fees payable hereunder.
4. **Opinion Qualifications.** Any oral or written opinions or advice provided by Watford Development to the Owner will be made subject to and will be based upon any assumptions, limitations, qualifications and reservations as we, in our professional judgment, deem necessary or prudent in the circumstances.
5. **Disclosure of Our Advice and this Engagement.** The opinions, advice and materials to be provided by Watford Development in carrying out its engagement hereunder are to be used solely by the Owner and its Board in considering the Acquisition Transaction. The Owner agrees not to disclose to any third party (other than its legal, accounting, financial and other advisors, agents and consultants from time to time) the existence or contents of this agreement or any written or oral opinions, advice or materials provided by Watford Development to the Owner without the prior written consent of Watford Development, which consent shall not be unreasonably withheld; provided, however, that our advice (i) may be reproduced in any public disclosure document of the Owner relating to the Acquisition Transaction if such disclosure is required by applicable law and has been reviewed and approved by Watford Development; (ii) may be referred to in the Owner's minutes; and (iii) otherwise may be disclosed by the Owner to

the extent required by applicable law (in which case prior notice will be given by the Owner to us).

Watford Development expressly disclaims any liability or responsibility to any and all persons, including without limitation, the Owner, the Board, any special committee of the Board and any shareholder or other stakeholder of the Owner, by reason of any unauthorized use, reliance, publication, distribution of or reference to any oral or written opinions, advice or materials provided by us or any unauthorized reference to Watford Development or this engagement.

6. **Fees.** For our services hereunder, the Owner will pay to Watford Development the following fees:

- (a) if an Acquisition Transaction is agreed to by the Owner or any of its subsidiaries during the term of this engagement, a transaction fee (herein a "**Transaction Fee**") of 3.5% of the purchase price of the lands / property, payable on closing.

In the event that, within a period of 12 months after the termination of this engagement (a) an Acquisition Transaction is consummated or (b) the Owner or a Owner Affiliate enters into an agreement with the Land Acquisition Candidate which subsequently results in an Acquisition Transaction, the Owner will pay a Transaction Fee as calculated above, which fee will be payable concurrently with the completion or effectiveness of the transaction.

7. **Expenses.** The Owner will also reimburse Watford Development for all reasonable out-of-pocket expenses incurred by Watford Development in entering into and performing this agreement, including but not limited to reasonable travel and communication expenses, courier charges and the reasonable fees and disbursements of Watford Development's legal counsel in respect of advice rendered to Watford Development in relation to its obligations hereunder, and the reasonable fees and disbursements of any other consultants engaged by Watford Development with the prior consent of the Owner. Such reimbursable expenses will be payable by the Owner upon receipt of Watford Development's invoices whether or not the Acquisition Transaction is completed.

8. **Taxes.** All or part of any of the fees and other expenses contemplated to be paid to Watford Development under this agreement may be subject to Federal Goods and Services Tax and/or Harmonized Sales Tax and any other applicable sales tax in which event a corresponding additional amount will be payable by the Owner to Watford Development.

9. **Access to Information.** The Owner will arrange for Watford Development to have such timely access to the directors, officers, employees, independent auditors, counsel and other consultants and advisors and corporate information of the Owner and its subsidiaries and other affiliates as we may reasonably require or deem appropriate in carrying out our engagement hereunder. The Owner will disclose to us on a timely basis the existence and content of, and will furnish us with, or arrange that we be furnished with, all information and documentation (financial or otherwise), data, opinions, appraisals, valuations and other information and materials of whatsoever nature or kind within the Owner's possession, control or direction or in respect of which the Owner can, using all reasonable best efforts, obtain possession, control or direction relating to the Owner or any of its respective subsidiaries and other affiliates and the Acquisition

Transaction ("**Information**") and which we may reasonably require or deem appropriate or relevant in carrying out our engagement hereunder.

10. **Accuracy of Information.** The Owner represents and warrants to Watford Development, and will ensure, that all Information provided to us, directly or indirectly, orally or in writing, by the Owner, any of its subsidiaries and other affiliates or any of their respective agents and advisors in connection with our engagement hereunder will be true, accurate and complete in all material respects and will not be misleading in any material respect and will not omit to state any fact or information which might reasonably be considered material to any matter contained in any oral or written opinions or advice provided by Watford Development or to our engagement hereunder.

In carrying out services hereunder, Watford Development will necessarily be relying on publicly available information and representations (oral or written), data and information prepared or supplied by the Owner, its subsidiaries and other affiliates and their respective agents and advisors. We will be entitled to rely on, and are under no obligation to verify independently, the accuracy or completeness of such representations, data or information. Further, we are under no obligation to investigate any changes which may occur in such information subsequent to the date thereof.

11. **Update to Information.** The Owner will advise us promptly of any material change or change in material fact of which it is or becomes aware, actual or contemplated, relating to the securities, assets, business or affairs of the Owner, the Land Acquisition Candidate or any of their respective subsidiaries and other affiliates or the Acquisition Transaction or the Information provided to us that might reasonably be considered relevant to our engagement hereunder or which puts into question the accuracy, completeness or reasonableness of information previously provided to us. The Owner agrees to comply promptly with all applicable requirements of regulatory authorities in respect of the occurrence of such material change or change in material fact.

12. **Confidentiality.** We will keep and cause each of our partners, directors, officers, employees, agents and advisors to keep strictly confidential and will use only for the purpose of performing our obligations hereunder all information, whether written or oral, acquired from the Owner, its agents and advisors in connection with our work hereunder (collectively "**Confidential Information**") except information that (i) is or becomes generally available to the public (other than as a result of a disclosure by Watford Development contrary to the terms hereof), (ii) was in the possession of Watford Development on a non-confidential basis prior to its disclosure by the Owner, (iii) becomes available to Watford Development on a non-confidential basis from a person other than the Owner who, to the knowledge of Watford Development, is not bound by a confidentiality agreement with the Owner or otherwise prohibited from transferring such information to Watford Development, (iv) the Owner agrees may be disclosed, (v) Watford Development is requested pursuant to, or required by, law, regulation, legal process or regulatory authority to disclose or (vi) Watford Development independently develops. If we are required by legal process or otherwise requested to disclose any Confidential Information, we will, if not legally prohibited from doing so, provide the Owner with prompt notice of such request or requirement, so that the Owner may seek an appropriate protective order or waive compliance with this requirement. In the event such protective order is not obtained or compliance with such requirement is waived, the Owner agrees that such disclosure may be made without liability hereunder.

13. **Indemnification.** The Owner hereby agrees to indemnify Watford Development and certain other parties in accordance with Schedule "A" hereto, which Schedule forms part of this agreement and the consideration for which is the entering into of this agreement. Such indemnity (the "Indemnity") shall be in addition to, and not in substitution for, any liability which the Owner or any other party may have to us or the other parties indemnified thereby apart from such Indemnity. The Indemnity shall apply to all services provided in connection with this agreement, irrespective of the formal date of this agreement.

14. **Advertisements or Announcements.** Watford Development may, at its own expense, place advertisements or announcements in any newspapers, periodicals or other publications, or otherwise disclose to third parties, that Watford Development has acted as financial advisor to the Owner in connection with the matters contemplated hereby.

15. **Term, Termination and Survival of Terms.** This engagement of Watford Development shall be for a period commencing upon signing of this agreement and shall continue until the earlier of the date the Acquisition Transaction is completed and the date upon which the engagement is terminated by either party hereto by written notice of termination delivered to the other party.

Notwithstanding any termination of this agreement, the Owner will be responsible to pay to Watford Development any amounts payable under paragraphs 6, 7 and 8.

The terms and conditions of this agreement and the Indemnity shall survive the completion of our engagement hereunder, any withdrawal or termination of any Acquisition Transaction or decision not to proceed with any Acquisition Transaction and any termination or purported termination of this agreement.


16. **Relationship.** The Owner agrees that Watford Development has been retained to act solely as financial advisor to the Owner. In such capacity Watford Development shall act as an independent contractor and any duties of Watford Development arising out of its engagement pursuant to this agreement shall be owed solely to the Owner. Nothing in this agreement is intended to create duties to the Owner beyond those expressly provided for in this agreement, and Watford Development and the Owner expressly disclaim the creation of any partnership, joint venture, fiduciary, agency or non-contractual relationship between, or the imposition of any partnership, joint venture, fiduciary, agency or non-contractual duties on, the parties.

17. **Other Matters.** This agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. This agreement shall not be assignable by either party without the prior written consent of the other party. The agreement resulting from this engagement shall be governed by and construed in accordance with the laws of the Province of Ontario and the parties hereby irrevocably attorn to the jurisdiction of the courts of the Province of Ontario. All financial references in this agreement are to Canadian dollars unless otherwise expressly indicated. Headings used herein are for ease of reference only and shall not affect the interpretation or construction of this agreement. No waiver, amendment or other modification of this agreement shall be effective unless in writing and signed by each party bound hereto. Time shall be of the essence of this agreement. This agreement, including the schedules hereto, constitutes the entire agreement between the parties relating to the subject matter hereof, and supersedes any and all prior agreements between the Owner, the board of directors of the Owner and Watford Development in connection with any Acquisition Transaction. This

agreement may be executed in one or more counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed copy of this agreement by electronic means shall be as effective as delivery of a manually executed copy of this agreement.


18. **Notices.** Any notice or other communication required or permitted to be given under this agreement shall be in writing and shall be sufficiently given or made by personal delivery or by facsimile transmission (receipt confirmed) to the respective parties at the addresses set forth in this agreement (in the case of Watford Development to the attention of the person executing this agreement). Any notice so given shall be deemed conclusively to have been given and received when so personally delivered or so transmitted.

#### UNIONVILLE RE DEV CORPORATION

By:   
Name: Harshal Dave  
Title: President & CEO

I have the authority to bind the corporation.

#### WATFORD DEVELOPMENT INC.

By:   
Name: Harshal Dave  
Title: President & CEO

I have the authority to bind the corporation.



## APPENDIX "A" - INDEMNIFICATION

UNIONVILLE RE DEV CORPORATION (the "Indemnitor") agrees to indemnify and hold harmless Watford Development ("Watford Development"), each of its subsidiaries and affiliates and each of their respective directors, officers, employees, partners, agents, shareholders, advisors and each partner and each principal of Watford Development (collectively, the "Indemnified Parties" and individually, an "Indemnified Party") from and against any and all expenses, losses, claims, actions, costs, damages and liabilities of every nature and kind (including, without limitation, the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity) (collectively, the "Claims") to which any Indemnified Party may become subject or otherwise involved in any capacity insofar as such Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly, to the attached agreement, the engagement of Watford Development thereunder, the performance of professional services rendered by Watford Development thereunder or otherwise in connection with the matters referred to therein.

Notwithstanding the foregoing, the Indemnitor shall not be obligated to indemnify an Indemnified Party in respect of a Claim to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that such Claim was primarily caused by the gross negligence or willful misconduct of such Indemnified Party.

If for any reason (other than a determination as to any of the events referred to in the second paragraph of this indemnity) the foregoing indemnification is unavailable to Watford Development or any other Indemnified Party or is insufficient to hold Watford Development or any other Indemnified Party harmless, the Indemnitor shall contribute to the amount paid or payable by Watford Development or any other Indemnified Party as a result of such Claims in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnitor on the one hand and Watford Development or any other Indemnified Party on the other hand but also the relative fault of the Indemnitor, Watford Development or any other Indemnified Party as well as any relevant equitable considerations.

The Indemnitor agrees that in case any action, suit, proceeding, claim or investigation shall be brought against the Indemnitor and/or any Indemnified Party and any Indemnified Party shall be required to testify in connection therewith or shall be required to respond to procedures designed to discover information regarding, in connection with or by reason of the attached agreement, the engagement of Watford Development thereunder, the performance of professional services by Watford Development thereunder or otherwise in connection with the matters referred to therein, such Indemnified Party shall have the right to employ its own counsel in connection therewith, and the reasonable fees and expenses of such counsel as well as the reasonable costs and out-of-pocket expenses incurred by such Indemnified Party and its personnel in connection therewith shall be paid by the Indemnitor as they occur.

Promptly after receiving notice of an action, suit, proceeding or claim against Watford Development or any other Indemnified Party or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnitor, an Indemnified Party will notify the Indemnitor in writing of the particulars thereof. The omission so to notify the Indemnitor shall not relieve the Indemnitor of any liability which the Indemnitor may have to any Indemnified Party except only to the extent that any delay in or failure to give notice as herein required materially prejudices the defence of such action, suit, proceeding, claim or investigation or results in any material increase in the liability which the Indemnitor would otherwise have under this indemnity had an Indemnified Party not so delayed in or failed to give the notice required hereunder.

The Indemnitor shall have 30 days after receipt of the notice, at its own expense, to participate in and, to the extent it may wish to do so, assume the defence thereof, provided such defence is conducted by experienced and competent counsel. If such defence is assumed by the Indemnitor, the Indemnitor throughout the course thereof will provide copies of all relevant documentation to Watford Development, will keep Watford Development advised of the progress thereof and will discuss with Watford Development all significant actions proposed.

Notwithstanding the foregoing paragraph, any Indemnified Party shall have the right, at the Indemnitor's expense, to employ counsel of such Indemnified Party's choice, in respect of the defence of any action, suit, proceeding, claim or investigation if: (i) the employment of such counsel has been authorized by the Indemnitor; or (ii) the Indemnitor has not assumed the defence and employed counsel therefor within 30 days after receiving notice of such action, suit, proceeding, claim or investigation; or (iii) counsel retained by the Indemnitor or the Indemnified Party has advised the Indemnified Party that representation of both parties by the same counsel would be inappropriate because there may be legal defences available to the Indemnified Party which are different from or in addition to those available to the Indemnitor or that there is a conflict of interest between the Indemnitor and the Indemnified Party or the subject matter of the action, suit, proceeding, claim or investigation may not fall within the indemnity set forth herein (in any of which events the Indemnitor shall not have the right to assume or direct the defence on the Indemnified Party's behalf).

No admission of liability and no settlement of any action, suit, proceeding, claim or investigation shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made and the Indemnitor shall not be liable for any settlement of any action, suit, proceeding, claim or investigation made without its consent, such consent not to be unreasonably withheld.

The Indemnitor hereby constitutes Watford Development as trustee for the other Indemnified Parties of the Indemnitor's covenants under this indemnity with respect to such persons and Watford Development agrees to accept such trust and to hold and enforce such covenants on behalf of such persons.

This indemnity and contribution obligations of the Indemnitor hereunder shall be in addition to any liability which the Indemnitor may otherwise have, shall extend upon the same terms and conditions to the Indemnified Parties and shall be binding upon and enure to the benefit of any successors, assigns, heirs and personal representatives of the Indemnitor, Watford Development and any other Indemnified Party. The foregoing provisions shall survive the completion of

professional services rendered under the attached agreement or any termination of the authorization given by the attached agreement.

**SCHEDULE "D"**  
**TRADEMARK LICENSE AGREEMENT**

This Trademark License Agreement (the "Agreement") is made effective as of DECEMBER 9th, 2016 by and between:

**WATFORD DEVELOPMENT INC.**  
**(hereinafter the "Licensor")**

**- and -**

**UNIONVILLE RE DEV CORP.**  
**(hereinafter the "Licensee")**

(each a "Party" and collectively the "Parties")

WHEREAS Licensor is the owner of certain trademarks relating to real estate development (the "Watford Trademarks");

AND WHEREAS the Parties desire that Licensor grant a license to Licensee for use of the Watford Trademarks to enable Licensee to make, use, sell, reproduce, market, transmit, distribute, provide, advertise, and promote the Watford brand in relation to the development of commercial and residential real estate opportunities in relation to the Project on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises, covenants and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the Parties hereto, the Parties hereby agree as follows:

## ARTICLE 2 INTERPRETATION

**2.1** In this Agreement, including the recitals, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms have the meaning ascribed to the phrase or phrases immediately preceding them or as follows:

- (a) "Claims" has the definition as set out in 15.2.
- (b) "Confidential Information" has the definition as set out in 16.9.
- (c) "Defaulting Event" has the definition as set out in 10.2 and as further contemplated in Article 11.
- (d) "Improvements" includes any and all developments, improvements, variations, updates, modifications, adaptations, additions, revisions, upgrades, enhancements and derivatives, developed or made, whether independently by a Party or jointly by the Parties, to the Watford Trademark wholly or in part.
- (e) "Notice" has the definition as set out in 16.10.
- (f) "Patents" means all patents and patent applications listed in Schedule "A" hereto (as may be amended from time to time), including all provisional applications, re-issues, extensions, re-examinations, continuations, continuations-in-part and divisionals relating thereto, all corresponding foreign rights, and all patents or applications claiming any of the same subject matter, as further detailed in Schedule "A".
- (g) "**Project**" shall have the same meaning ascribed to it as under the Development Management Agreement.
- (h) "Sub-Licensee" has the definition as set out in 14.2.
- (i) "Territory" has the definition as set out in 3.1.
- (j) "Trademarks" means all common law, pending, and registered trademarks as set out in Schedule "A" hereto, and includes trade names, service marks, brands, trade dress, distinguishing guises, business names, domain names, handles or social media account identifiers, tag lines, designs, graphics, logos, and other commercial symbols and indicia of origin whether registered or not, and any goodwill associated therewith.
- (k) "Transfer" has the definition as set out in 14.1.
- (l) "Term" has the definition as set out in 9.1.

## ARTICLE 3 GRANT AND SCOPE OF LICENSE

**3.1** Licensor grants to Licensee, subject to the following terms and conditions, a non-exclusive, license fee-bearing and non-transferable right, license and privilege under any Watford

Trademark owned or licensable by Licensor, to:

(i) use, reproduce, modify and create derivative works based upon the Watford Trademark in order to develop, use, make, have made, sell, offer to sell, lease, license, import, export, reproduce, transmit, demonstrate, perform, provide, advertise, promote, display, market and distribute the Project; and

(ii) use, advertise and display the Trademarks in association with the sale, distribution or advertisement of any goods or services, or the carrying on of any business, concerning the Project,

in Canada (the "Territory").

Upon execution of this Agreement or such other time as agreed to by the Parties, Licensee agrees to pay to Licensor a license fee equal to One Hundred Thousand dollars \$100,000. The Parties agree that this license fee applies to the first year of this Agreement only (and new license fees may apply to subsequent years). The Parties agree periodically to review the license fee and agree to make adjustments to the license fee as deemed appropriate to maintain an arm's-length compensation.

## ARTICLE 4 OWNERSHIP AND CONTROL OF TRADEMARKS

**4.1** Licensor is the exclusive owner of the Trademarks and all goodwill associated therewith. Any unauthorized use of the Trademarks is and shall be deemed an infringement of the rights of Licensor.

**4.2** Licensee's usage of the Trademarks and the character and quality of any goods and services sold, performed, advertised, distributed or provided in association with the Trademarks shall at all times be under the control of Licensor.

**4.3** Except as expressly provided in this Agreement, neither Licensee nor any other person acquires any right, title or interest in any of the Trademarks and Licensee acknowledges that any goodwill associated with the Trademarks, whether past, now existing or arising in the future, is the sole and exclusive property of Licensor. Licensee acknowledges that all use of the Trademarks, and the goodwill in the Trademarks, inures to the benefit of Licensor. Licensee shall not in any manner represent that it has any ownership interest in the Trademarks or in the applications or registrations therefor.

**4.4** Licensee shall use the Trademarks only in the Territory and only in association with products and services that conform in character and quality to standards as approved from time to time by Licensor, in its sole and absolute discretion. Licensee agrees to abide by Licensor's trademark policies as issued and provided to Licensee from time to time.

4.5 At Licensor's reasonable request, Licensee shall provide Licensor with samples of Licensee's use of the Trademarks, including a copy of any and all advertising and/or creative and/or merchandise in or on which the Trademarks are used, together with a list showing the dates of use thereof and the geographical area in which same was distributed.

4.6 Licensee shall, upon 24 hours prior notice to Licensee, permit Licensor and/or its authorized agents to inspect the character and quality of the goods, services and business of Licensee provided in association with the Trademarks, and any relevant documents, materials and records pertaining thereto in order to ensure that Licensee has complied with the terms hereof.

4.7 Licensee shall not dispute or contest for any reason whatsoever, directly or indirectly, during the Term of this Agreement and after the termination or expiration thereof the validity, distinctiveness, Ownership or enforceability of any of the Trademarks (including any applications or registrations therefor), and shall not directly or indirectly attempt to dilute or depreciate the value of the goodwill attached to any of the Trademarks, and shall not counsel, procure or assist anyone to do any of the foregoing.

4.8 It is agreed and understood by Licensor that Licensee operates as "Watford Development Inc." Therefore, with the exception of the Licensee's exact use of the combination of words "Watford development" as a trade name, Licensee shall not, without the prior written consent of Licensor, which consent may be unreasonably withheld, use any of the Trademarks as part of the Licensee's business name, trade name, corporate name, partnership name or other name, and shall not permit the use thereof as part of the business, trade, corporate, partnership or other name of any business, corporation, partnership or other legal entity related to Licensee or in which Licensee has a direct or indirect interest. Licensee shall not use any word or symbol or combination thereof including any other trademark, domain name or business name, trade name, corporate name, partnership name or other name in such close proximity to the Trademarks so as to give the impression that the Trademarks are being depicted in a manner other than as they are set out in Schedule "A" and shall not use any of the Trademarks as a verb or in the plural or in any manner which results in the Trademarks being incorrectly spelled and/or depicted.

4.9 Licensor reserves the right to, for its own purposes, at any and all times, sublicense other persons to use the Trademarks on such terms as are in its sole and absolute discretion.

#### ARTICLE 5 OWNERSHIP OF PATENTS AND IMPROVEMENTS

5.1 The Parties acknowledge and agree that, from time to time during the term of this Agreement, either Party may develop, create, conceive of, or otherwise acquire Improvements.

5.2 All Improvements made by the Licensor will automatically and without further consideration form part of the Watford Trademark licensed to Licensee hereunder, and will be fully owned by Licensor.

5.3 All Improvements made by the Licensee, or by the Licensee's affiliates or Sub-Licensees, and whether jointly with others or individually, will automatically and without further consideration form part of the Watford Trademark licensed to Licensee, and be owned by Licensor.

5.4 Each Party will make reasonable efforts to advise the other Party of any Improvements within three (3) months of such Improvement. Licensor may, at its sole discretion, file patent applications or register its rights with respect to any Improvements. Licensor will be solely responsible for prosecution, issuance and maintenance of the application, and any subsequently issued patent or other intellectual property right.

#### ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF LICENSOR

6.1 Licensor represents and warrants that it owns all intellectual property related to the Watford Trademark as set out in Appendix "A".

#### ARTICLE 7 COVENANTS OF LICENSEE

7.1 Licensee agrees to use reasonable commercial efforts to cooperate with Licensor, at Licensor's expense, in any action for alleged infringement of the Watford Trademark by third parties.

7.2 Licensee shall observe and comply with all applicable laws and regulations and obtain all appropriate government approvals pertaining to the sale, performance and advertising of any goods and/or services covered by this Agreement.

#### ARTICLE 8 COVENANTS OF THE LICENSOR

**8.1** Licensor shall, at Licensor's sole cost and discretion, maintain the rights in the Trademarks and, without limiting the generality of the foregoing, Licensor shall prosecute any applications for registrations in respect of the Trademarks and renew any registrations for same.

#### ARTICLE 9 TERM

**9.1** This Agreement shall commence on the date first written above and, subject to the other provisions hereof, shall remain in effect for a period of one (1) year (the "Term") and automatically renew for successive one year term(s) unless terminated under this agreement.

#### ARTICLE 10 TERMINATION

**10.1** Licensor and Licensee shall each have the right to terminate this Agreement, at any time during the Term and without cause, upon the provision of 30 days prior written notice to the other Party.

**10.2** Licensor may, in its sole discretion and at its sole option, terminate this Agreement and all rights herein effective immediately without notice upon the happening of an event of default of the Agreement on the part of the Licensee (a "Defaulting Event").

**10.3** Where Licensor is given a right to terminate this Agreement and does not excuse same, such forbearance shall not be deemed to be a waiver of such Party's right to terminate upon any subsequent or future event by which such Party has, or is provided with, the right to terminate this Agreement.

**10.4** Any termination of this Agreement shall be without prejudice to any other rights (including any right of indemnity), remedy or relief in or to which a Party may otherwise be entitled against the other Party. The foregoing remedy shall not exclude any other remedies which a Party may have at law or in equity by reason of the default, breach or non-observance by the other Party of any provision hereof.

#### ARTICLE 11 DEFAULTING EVENTS

**11.1** A Defaulting Event shall be deemed to have occurred upon the happening of any one or more of the following events:

- (a) in the event that Licensee or any permitted Sub-Licensee:
  - (i) makes an assignment for the benefit of creditors, files or is the subject of a petition in bankruptcy or makes a proposal or arrangement concerning, or enters into any scheme or composition with, its creditors;
  - (ii) is declared or adjudicated insolvent or bankrupt;
  - (iii) suffers or permits the appointment of any liquidator, trustee, custodian, receiver, receiver and manager, consultant or any other person in respect of it or any of its property, or petitions or applies to any tribunal for the appointment of any such person for it or any of its property;
  - (iv) commits any act of bankruptcy;
  - (v) becomes the subject of any proceeding relating to it or to any portion of its property under any law relating to reorganization, arrangement or re-adjustment of debt, dissolution, winding-up or similar law;
  - (vi) admits in writing an inability to pay debts generally as they become due;
  - (vii) fails to comply with the applicable laws, rules and regulations pertaining to the provision of the goods/and or services by Licensee;
  - (viii) grants a sub-sublicense to use the Trademarks or transfers or attempts to transfer this Agreement or any rights hereunder to any person without prior written consent of Licensor; or
  - (ix) fails to pay any fees or amounts owed to Licensor whether pursuant to this Agreement or otherwise.
- (b) in the event the Licensee:
  - (i) defaults on any obligations under this Agreement; or
  - (ii) breaches any of the terms or conditions of this Agreement

and such default or breach is not cured within 20 days of written notice by the Licensor to the Licensee of such default or breach.

#### ARTICLE 12 POST EXPIRATION/TERMINATION

**12.1** On the expiration or termination of this Agreement for any reason whatsoever, Licensee shall cease to be a licensee of Licensor and Licensee shall:

(a) immediately cease to use, directly or indirectly, in any manner whatsoever the Watford Trademarks. Without limiting the generality of the foregoing, with respect to the Trademarks:

(i) Licensee's aforementioned obligations to cease use extend to all Trademarks and any name or mark similar to the Trademarks;

(ii) Licensee shall immediately cease and desist from all uses of the Trademarks, whether on documents, advertising or otherwise, and shall require the same actions to be taken by any Sub-Licensees which may be under obligations to the Licensee; and

(iii) Licensee will remove the Trademarks from or deliver to the Licensor or its duly authorized representatives all materials including signage and advertising materials in its possession, custody or control, upon which the Trademarks appear (except for documents not for public display or reasonably required for archival purposes).

(b) Following termination or expiration of this Agreement, Licensee shall not do anything inconsistent with the validity of the Watford Trademark or inconsistent with Licensor's Ownership of the Watford Trademark.

#### ARTICLE 13 PROCEEDINGS RESPECTING THIRD PARTIES

**13.1** Licensee agrees to promptly notify Licensor of any conflicting use or any act of infringement or passing off which comes to its attention involving the Watford Trademark including any variation or imitation thereof by unauthorized persons. Licensor shall, at its own expense, have the right to engage in proceedings involving the Watford Trademark or to take such steps as may be necessary in order to terminate such improper use by unauthorized persons.

**13.2** If Licensor does not take any action to terminate such improper use within 90 days of such improper use being brought to the attention of Licensor by Licensee, Licensee shall have the right to engage in proceedings involving the Watford Trademark at its own expense provided that it keeps Licensor fully informed of the progress of such proceedings. Licensor may, in its sole discretion, settle any dispute with any third party at any time regarding such unauthorized uses on behalf of Licensor and Licensee without notice or compensation to Licensee. Each Party hereto agrees to co-operate and assist the other on any such proceedings instituted by either Party hereto involving the Watford Trademark .

**13.3** (a) Licensee agrees to give notice to Licensor immediately of any action involving the Watford Trademark that is threatened or is instituted by any person against Licensee or a permitted Sub-Licensee and to allow Licensor to undertake the defense of any such action.

(b) In the event that Licensor undertakes the defense of any such action, Licensor agrees to defend such action and to hold Licensee harmless from and indemnify Licensee for any and all

claims thereunder and Licensee shall cooperate with and assist Licensor and execute such documents and do such acts and things in the opinion of Licensor may be necessary.

#### ARTICLE 14 TRANSFERABILITY

**14.1** Licensor is entitled, at any time during the Term, to transfer, sell, assign, pledge, hypothecate, charge, mortgage, encumber, sublicense or otherwise dispose of (collectively a "Transfer") any or all of its rights and obligations under this Agreement to any person or legal entity including any bank or lending institution as it may in its sole discretion deem appropriate.

**14.2** Licensee shall not grant sub-licenses of any rights granted to Licensee by Licensor under this Agreement, unless Licensee shall have obtained the prior written consent of Licensor (which consent may be unreasonably and arbitrarily withheld) and sub-licensee (the "Sub-Licensee") shall have entered into a sub-license agreement with the Licensee which includes terms materially identical to this Agreement and is otherwise in form and substance acceptable to the Licensor. The granting of any approved sub-license by Licensee shall in no way relieve Licensee of its obligation of accounting directly to Licensor under this Agreement for the actions and conduct of any Sub-Licensee. The acts of any Sub-Licensee are for all purposes of this Agreement the acts of Licensee.

**14.3** Licensee shall not Transfer its rights or obligations under this Agreement including its licensed right to use the Watford Trademark to any person or legal entity including any bank or lending institution without the prior written consent of Licensor. Any actual or proposed transfer or sub-license occurring without the prior written consent of Licensor shall constitute a default under this Agreement and shall be null and void.

#### ARTICLE 15 LIMITATION OF LIABILITY AND INDEMNIFICATION

**15.1** In no event shall Licensor be liable to Licensee for any incidental, indirect or consequential damages or losses of any kind, including, but not limited to, compensation, reimbursement or damages on account of present or prospective revenues or profits, expenditures, investments or commitments, whether made in the establishment, development or maintenance of business reputation or goodwill, or for any other reason whatsoever. Licensor shall not be liable for any injury or death of any person or damage to any property caused by Licensee's actions, failure to act, negligence, willful conduct or strict liability in tort.

**15.2** Licensee hereby indemnifies the Licensor and its shareholders, directors, officers and employees, and shall hold of such parties harmless from all fines, suits, proceedings, losses, claims, demands or actions of any nature or kind whatsoever ("Claims") directly or indirectly, arising out of or in any manner whatsoever associated or connected with the Licensee's use of the

Watford Trademark and its related, ancillary or incidental goods and services, and against any and all damages, costs, expenses and fees, (including without limitation reasonable legal expenses) incurred by or on behalf of any of the foregoing in the investigation or defense of any and all such Claims. The foregoing does not apply if the Claim is a result of or relates to the breach of 6.1 by the Licensor.

#### ARTICLE 16 GENERAL TERMS

**16.1** This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein, and shall be treated in all respects as an Ontario contract.

**16.2** Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable law, the Parties waive any provision of law which renders any provision of this Agreement invalid or unenforceable in any respect. The Parties shall engage in good faith negotiations to replace any provision which is declared invalid or unenforceable with a valid and enforceable provision, the economic effect of which comes as close as possible to that of the invalid or unenforceable provision it replaces.

**16.3** Except as expressly provided in this Agreement, no waiver of this Agreement shall be binding unless executed in writing by the Party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. This Agreement may be amended by the written consent of each of the Parties.

**16.4** Neither Party shall be responsible for any failure to perform or for any delay in performance of the terms of this Agreement where the failure or delay is due to acts of God or the public enemy, war, riot, embargo, fire, explosion, sabotage, flood, accident, strikes, lockouts or other labour disturbances from whatever cause arising, enactment, promulgation or issuance of any laws, regulations, orders or decrees of any competent governmental, regulatory or judicial authority or, without limiting the generality of the foregoing, any other circumstances of like or different character beyond such Party's control which could not have been prevented by reasonable precautions and cannot reasonably be circumvented by the non-performing Party through the use of alternate sources or other means.

**16.5** This Agreement shall enure to the benefit of and be binding on the Licensor and Licensee and their respective successors and permitted assigns or permitted Sub-Licensees.

**16.6** All obligations of Licensor and Licensee which expressly or by their nature survive termination, expiration or transfer or non-renewal of this Agreement shall continue in full force and effect subsequent to and notwithstanding such termination, expiration or transfer and until they are satisfied or by their nature expire.

**16.7** This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by any Party to this Agreement or its directors, officers and agents, to any other Party to this Agreement or its directors, officers and agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement, and none of the Parties to this Agreement has been induced to enter into this Agreement or any amendment or supplement by reason of any such warranty, representation, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent contemplated in this Agreement.

**16.8** The rights of each Party hereunder are cumulative and no exercise or enforcement by a Party of any right or remedy hereunder shall preclude the exercise or enforcement by such Party of any other right or remedy hereunder or which such Party is otherwise entitled by law or in equity to enforce.

**16.9** The Parties shall treat the contents of this Agreement as confidential, except to the extent necessary to fulfill their respective obligations herein. Each Party acknowledges that any and all material and information of a Party or its affiliates which has or will come into the possession or knowledge of the other Party in connection with or as a result of entering into this Agreement ("Confidential Information") is confidential and proprietary. Except as required by law, each Party agrees: (a) to keep all Confidential Information concerning the other in strict confidence; (b) not to make use of Confidential Information other than for the exercise of rights or the performance of obligations under this Agreement; and (c) not to release, disclose, communicate or make available Confidential Information to any person other than its employees, agents and permitted contractors and their respective affiliates who are required to protect the Confidential Information from unauthorized use or disclosure and who reasonably need to know the Confidential Information in connection with the exercise of rights or the performance of obligations under this Agreement. Each Party will cause its employees, agents and permitted contractors to observe and perform its obligations to the extent that such obligations relate to the protection of any such received Confidential Information. The obligations of the Parties under this Section shall survive for a period of one year following the termination or expiration of this Agreement.

16.10 All notices, consents and approvals ("Notice") permitted or required to be given hereunder shall be deemed to be sufficiently and duly given if written and delivered personally or sent by way of prepaid registered letter deposited in a post office, or transmitted by confirmed facsimile or other form of recorded communications verified for receipt immediately following transmission when addressed as follows:

To Licensor:  
Watford Development Inc.  
62 Hepburn Street.  
Markham ON  
L3S 3Z9

To Licensee:  
Unionville Re Dev Corporation  
157 Main Street  
Unionville, ON  
Suite 201  
L3R 2G8

Any notice so given shall be deemed to have been received on the fifth (5<sup>th</sup>) business day following the date of mailing same, or the date of delivery or transmission by facsimile or other form of recorded communication, as the case may be. Either Party may, from time to time, by Notice, change its address for the purpose of this Agreement. In the event of actual or threatened disruption of postal service, Notice shall not be mailed.

16.11 Each of the Parties shall use reasonable efforts to take all such steps, execute all such documents and do all such acts and things as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

16.12 This Agreement may be executed and delivered in counterparts and by PDF.

IN WITNESS WHEREOF the Parties have duly executed this agreement to be effective as of the date first written above.

**WATFORD DEVELOPMENT INC.**

By: Harshal Dave  
Name: Harshal Dave  
Title: President & CEO

By: \_\_\_\_\_  
Name:  
Title:

(I We have authority to bind the Corporation)

**UNIONVILLE RE DEV CORP.**

By: Harshal Dave  
Name: Harshal Dave  
Title: President & CEO

By: \_\_\_\_\_  
Name:  
Title:

(I We have authority to bind the Corporation)



APPENDIX "A"

Trademarks

No.	Trademark	Country	App. No.	Reg. No.
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				

Domain Names