RBC Capital Markets

Corporate Banking
P.O. Box 50, 200 Bay Street,
Royal Bank Plaza
4th Floor, South Tower
Toronto, Ontario M5J 2W7

February 27, 2012

PRIVATE AND CONFIDENTIAL

C2C Industrial Properties Inc.
2 Bloor Street West, Suite 1001
Toronto, Ontario M4W 3E2

Attention: Chris Ross, President

Dear Sirs:

Royal Bank of Canada (the "**Bank**") is pleased to offer C2C Industrial Properties Inc. the credit facilities described below, subject to the following terms and conditions.

1. DEFINITIONS AND SCHEDULES

The attached schedules are incorporated into this Agreement by reference. Schedule "A" contains definitions of capitalized terms used and not otherwise defined in this Agreement. Unless otherwise provided, all dollar amounts are in Canadian currency and accounting terms are to be interpreted in accordance with GAAP.

2. BORROWER

The borrower under the Facilities will be the Borrower.

3. ARRANGER

The arranger of the Facilities was RBC Capital Markets (the "**Arranger**").

4. CREDIT FACILITIES

(a) **Term Facility:** Second lien term credit facility (the "**Term Credit Facility**") in an amount up to the Term Limit is available by way of:

   (i) RBP based loans ("**RBP Loans**"); and

   (ii) Banker's Acceptances ("**BAs**").

(b) **Revolving Facility:** First lien revolving demand credit facility (the "**Demand Facility**") in an amount up to the Demand Limit is available by way of:

   (i) RBP Loans; and

   (ii) BAs.

(c) Each use of the Facilities is a "**Borrowing**" and all usages outstanding at any time are "**Borrowings**". Schedule "B" contains terms and conditions applicable to Borrowings made otherwise than by way of RBP Loans which must be complied with. The face amount of each outstanding BA shall be used to determine the amount of outstanding Borrowings under the Facilities at any time.

5. PURPOSE

(a) The Borrower shall use the Term Facility to finance, in part, the acquisition of the Term Properties.

(b) The Borrower shall use the Demand Facility for general corporate purposes, including working capital, leasehold improvements, tenant inducements, leasing commissions and landlord work.

6. AVAILABILITY AND DEMAND

(a) The Term Facility is available by way of a single Borrowing (other than conversions or rollovers) on the Closing Date up to the Term Limit and subsequent conversions or rollovers, provided an Event of Default shall not have occurred and be continuing at the time of any Borrowing. Any amount that is undrawn under the Term Facility after the initial Borrowing under the Term Facility shall be cancelled.

(b) The Demand Facility is available by Borrowings (other than conversions or rollovers) and subsequent conversions or rollovers up to the Demand Limit, provided that the Bank has not made demand for repayment of the Demand Obligations. The Demand Facility is an uncommitted facility which is payable by the Borrower on demand by the Bank. The Bank may at any time elect to terminate the Demand Facility and make demand upon the Borrower for repayment of the Demand Obligations notwithstanding that the Borrower has satisfied and complied with the conditions, covenants, terms and provisions of this Agreement.

(c) Borrowings by way of BA shall be in minimum amounts of: (i) $500,000 and in increments of $100,000 thereafter in the case of the Term Facility; and (ii), $50,000 and increments of $10,000 thereafter in the case of the Demand Facility.

(d) Conversions (of BAs and RBP Loans) and rollovers (of BAs) shall be made only in accordance with Schedule "E".

7. ACCOUNTS

The Borrower shall establish a current account with the Bank in Canadian currency (a "**General Account**") for the conduct of the Borrower's day-to-day banking business. The Borrower authorizes the Bank daily or otherwise as and when determined by the Bank, to ascertain the balance of the General Account and:

(a) if such position is a debit balance, the Bank may, in a minimum amount of $5,000, make available a Borrowing by way of RBP Loan under the Demand Facility; and

(b) if such position is a credit balance, the Bank may apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding under the Demand Facility by way of RBP Loans.

8. REPAYMENT

(a) All Term Obligations, including, without limitation, unpaid interest and fees, are repayable in full on February 27, 2013 (or subject to any extension in accordance with the terms hereof, the "**Maturity Date**").

(b) The Borrower will repay the Term Facility and the Term Facility will be permanently reduced with the net proceeds (less any amount repayable to Industrial Alliance in priority to the Bank pursuant to the terms of the IA Intercreditor Agreement) from (immediately upon receipt thereof):

(i) the sale of any of the Term Properties; (ii) proceeds of third-party refinancing or up-financing of any of the Term Properties; and (iii) any insurance proceeds received in respect of any of the Term Properties (unless such insurance proceeds are expended or committed for the repair or replacement of the applicable Term Property). Notwithstanding the foregoing, the Borrower shall not be entitled to a discharge of the Term Security in respect of a Term Property in connection with any of the foregoing unless the Bank, acting reasonably, is satisfied that the covenants set out in Section 17 will continue to be satisfied immediately after such discharge and the Borrower shall deliver a certificate in the form attached as Schedule "C" confirming such compliance.

(c) No outstanding BA may be repaid prior to its maturity.

(d) The Borrower may voluntarily prepay RBP Loans on at least three (3) Business Days notice in whole or in part (subject to a minimum amount of prepayment of $500,000 for the Term Facility and $50,000 for the Demand Facility and that prepayments shall be made in increments of $100,000 for the Term Facility and $10,000 for the Demand Facility).

(e) If at any time, in the sole determination of the Bank, the amount of Borrowings outstanding under the Term Facility exceed the Term Limit or the Borrowings outstanding under the Demand Facility exceed the Demand Limit, the Borrower shall, on demand pay down the outstanding Borrowings such that the Borrowings outstanding do not exceed the Term Limit or the Demand Limit.

9. EXTENSION OF THE TERM FACILITY

The Maturity Date may be extended for a period of 364 days, on approval by the Bank in its sole discretion, after written notice given by the Borrower to the Bank not earlier than 120 days and no later than 90 days before the Maturity Date and conditional upon:

(a) receipt by the Bank of a fully earned extension fee payable at a rate to be determined by the Bank in its sole discretion at the Maturity Date; and

(b) no Default or Event of Default having occurred and all representations and warranties hereunder being true and correct at the time of such notice and at the Maturity Date (except where expressed to be given only as of a specified date, and except for such qualifications to such representations and warranties which have been both disclosed to the Bank in writing after the Closing Date and accepted by the Bank in writing).

10. INTEREST RATES AND FEES

Interest Rates

(a) **Term Facility**

RBP Loans: RBP plus: (i) for the first five months of the term of the Term Facility, 550 bps; (ii) for the next four months of the term of the Term Facility, 600 bps; and (iii) thereafter, 650 bps.

BAs: RBAF plus: (i) for the first five months of the term of the Term Facility, 650 bps; (ii) for the next four months of the term of the Term Facility, 700 bps; and (iii) thereafter, 750 bps.

(b) **Demand Facility**

RBP Loans: RBP plus 200 bps.

BAs: RBAF plus 300 bps.

Front End Fee

(c) A front end fee of $63,000.00 shall be paid in full by the Borrower in respect of the Term Facility from a Borrowing under the Term Facility on the Closing Date (to the extent not already partially or fully paid). This fee is non-refundable and is deemed to be earned by the Bank to compensate for time, effort and expense incurred by the Bank in approving the Term Facility. The Bank confirms that as of the date hereof, they have received payment of $17,500.00 of such front end fee from the Borrower.

(d) A front end fee of $7,000.00 shall be paid in full by the Borrower in respect of the Demand Facility from a Borrowing under the Demand Facility on the Closing Date (to the extent not already partially or fully paid). This fee is non-refundable and is deemed to be earned by the Bank to compensate for time, effort and expense incurred by the Bank in approving the Demand Facility. The Bank confirms that as of the date hereof, they have received payment of $1,750.00 of such front end fee from the Borrower.

11. CALCULATION AND PAYMENT OF INTEREST AND FEES

RBP Loans

(a) The Borrower shall pay interest on each RBP Loan from the date of advance until the date on which the principal amount of the advance is repaid in full or converted to another type of Borrowing, monthly in arrears, on the 1st day of each month. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days.

BAs

(b) The Borrower shall pay an acceptance fee in advance on the date of issue of each BA at the applicable rate provided for in this Agreement. Acceptance fees shall be calculated on the face amount of the BA issued and based upon the number of days in the term thereof and a year of 365 days.

Limit on Interest

(c) The Borrower shall not be obligated to pay any interest, fees or costs under or in connection with this Agreement in excess of what is permitted by law.

Equivalent Yearly Rates

(d) All computations of any interest or fees shall be made by the Bank on the basis of a year of 365 or 366 days, as the case may be, taking into account the actual number of days occurring in the period for which such interest or fees are payable. For purposes of the *Interest Act* (Canada), whenever any interest or fee under this Agreement is calculated using a rate based on a number of days less than a full year, such rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 365 or 366 days, as the case may be, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by the number of days based on which such rate is calculated. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement. The rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

Time and Place of Payment

(e) Amounts payable by the Borrower hereunder shall be paid at the Branch of Account in immediately available funds in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this agreement are payable both before and after any or all of default, demand and judgement.

12. INCREASED COSTS

If, in the reasonable opinion of the Bank, the Bank is now or hereafter becomes subject to, or there is a change in:

(a) any reserve, special deposit, deposit insurance or similar requirement against assets of, or deposits in or for the account of, or credit extended by, or any acquisition of funds by, the Bank;

(b) any reserve, special deposit or similar requirement with respect to all or any of the Borrowings or the undrawn portion of all or any part of the Facilities;

(c) taxation of, or the basis of, taxation of any payments due to the Bank hereunder (except for taxes on the overall net income of the Bank);

(d) any requirement relating to capital adequacy; or

(e) any other condition imposed by Applicable Law or any interpretation of Applicable Law by an entity charged with the administration thereof or any other condition with which financial institutions operating in Canada are accustomed to comply or have generally complied, whether or not having the force of law,

and the result of any of the foregoing, in the sole determination of the Bank, is to increase the cost to, or to reduce any amount received or receivable by, the Bank hereunder, or to reduce the Bank's effective return hereunder to a level below that which the Bank could have otherwise achieved (using any reasonable averaging and attribution method), the Bank shall determine that amount of money which shall compensate it for such increase in cost, or reduction in income, or reduction in rate of return on the Bank's capital (herein referred to as "**Additional Compensation**"). Upon the Bank having determined that it is entitled to Additional Compensation in accordance with the provisions of this Section, it will provide the Borrower with written notice of its request for Additional Compensation and the Borrower shall have 10 Business Days from receipt of such notice to repay all Borrowings together with accrued but unpaid interest thereon and terminate the Facilities without obligation to pay the Additional Compensation, failing which the Borrower shall pay such Additional Compensation within 30 days of receipt of such notice. The Bank's determination of such Additional Compensation shall be conclusive absent manifest error. The Borrower shall pay the Additional Compensation to the Bank within 30 days of the date of receipt of the above notice by the Borrower.

13. EVIDENCE OF INDEBTEDNESS

(a) The Bank shall open and maintain at the Branch of Account accounts and records evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of each Borrowing, the payment of principal and interest and all other amounts becoming due to the Bank under this Agreement.

(b) The Bank's accounts and records constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement.

(c) The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable by the Borrower to the Bank pursuant to this Agreement.

14. CONDITIONS PRECEDENT

The obligation of the Bank to make available the initial Borrowing is conditional upon the receipt of:

(a) **Agreement.** A duly executed copy of this Agreement.

(b) **Term Security.** The following security, duly executed, delivered and registered, and all in form and substance satisfactory to the Bank as security for the Term Obligations (the "**Term Security**"):

(i) a registered second mortgage, charge and assignment (subject only to the First Mortgage not to exceed $22,203,000.00) of the Term Properties and all leases and rents appurtenant thereto in the amount of $7,000,000.00;

(ii) a general security agreement from C2C Industrial Properties (GTA) Ltd. (the "**Term Nominee**"), a nominee for the Borrower, and the Borrower, ranking second on the personal property associated with the Term Properties subject only to the Security Interests of Industrial Alliance;

(iii) a guarantee of the indebtedness, liabilities and obligations of the Borrower from the Term Nominee;

(iv) an assignment of insurance in respect of the Borrower and the Term Nominee, ranking second only to the security interests of Industrial Alliance;

(v) a beneficial owners' agreement in respect of the Borrower's nominee arrangement with the Term Nominee, delivered by the Borrower and the Term Nominee; and

(vi) such other security documents and registrations as the Bank may reasonably require.

(c) **Demand Security.** The following security, duly executed, delivered and registered, and all in form and substance satisfactory to the Bank as security for the Demand Obligations (the "**Demand Security**"):

(i) a registered first mortgage, charge and assignment of the Mississauga Property and all leases and rents appurtenant thereto in the amount of $1,100,000.00;

(ii) a general security agreement from the Borrower, ranking first on the personal property associated with the Mississauga Property;

(iii) a first ranking assignment of insurance in respect of the Borrower in connection with the Mississauga Property; and

(iv) such other documents and registrations as the Bank may reasonably require in respect of the Mississauga Property and related assets.

(d) **Guarantee.** A guarantee of the indebtedness, liabilities and obligations of the Borrower from the Guarantor.

(e) **Acquisition Closing.** The acquisition of the Term Properties shall have closed in accordance with the terms of the Purchase Agreement and closing pursuant to this Agreement and the initial Borrowing pursuant to this Agreement shall have occurred by February 27, 2012, provided that the Borrower may extend such date by up to 30 days on written notice to the Bank.

(f) **Notice of Borrowing.** A Borrowing Notice from the Borrower.

(g) **Documentation.** Such ancillary documentation as the Bank may require to give effect hereto and such officer's and other certificates, authorizations, resolutions and legal opinions as the Bank may reasonably require.

(h) **Constating Documents.** Satisfactory review of the Borrower's nominee agreements with the Term Nominee and the articles, by-laws and other constating documents of each Obligor.

(i) **Compliance Certificate.** Delivery of a Compliance Certificate demonstrating compliance with financial covenants required by this agreement, in the form of Schedule "C";

(j) **Due Diligence.** Satisfactory completion, as determined by the Bank of all due diligence, including but not limited to:

(i) receipt and review of an Appraisal satisfactory to the Bank in respect of each Property and a reliance letter in favour of the Bank in respect thereof in form acceptable to the Bank;

(ii) receipt and review of an environmental report satisfactory to the Bank in respect of each Property and a reliance letter in favour of the Bank in respect thereof in form acceptable to the Bank;

(iii) receipt and review of an insurance report satisfactory to the Bank and its insurance consultants;

(iv) receipt and review of a structural report satisfactory to the Bank in respect of each Property and a reliance letter in favour of the Bank in respect thereof in form acceptable to the Bank; and

(v) receipt and satisfactory review by the Bank of such other environmental due diligence, searches and investigations (including all subordinations and confirmations of third party interests that the Bank may require) in respect of each Property.

(k) **Representations and Warranties.** The representations and warranties made in this Agreement are true and correct.

(l) **Material Adverse Effect.** The absence of any material adverse change or event in the business or condition of the Borrower, the Term Nominee, the Guarantor, the Term Properties or the Mississauga Property.

(m) **No Default.** No Event of Default has occurred.

(n) **No Litigation.** The absence of any material litigation or other claims against any Obligor.

(o) **Payment of Fees.** Payment of all fees and expenses due to or incurred by the Bank in connection with the Facility, including the legal fees and disbursements of Osler, Hoskin & Harcourt LLP.

(p) **BA Documentation.** Execution and delivery of the Bank's standard BA documentation and agreements.

(q) **Officer's Certificate.** An officer's certificate of each Obligor certifying their articles, by-laws, management agreement, nominee agreement, incumbency and authorizing resolutions.

(r) **Insurance.** Delivery of a satisfactory insurance certificate representing insurance coverages satisfactory in form and substance to the Bank and asking the Bank as loss payee and additional insured (subject only to the prior ranking interests of Industrial Alliance in respect of the Term Properties) and including a standard mortgage clause.

(s) **Title Insurance.** Delivery of a satisfactory (in form and substance) lender's title insurance policy in respect of each Property in favour of the Bank.

(t) **First Mortgage.** Delivery of a satisfactory mortgage statement in respect of the First Mortgage confirming amounts outstanding and no default thereunder.

(u) **IA Intercreditor.** Execution and delivery of satisfactory intercreditor documentation between the Bank and Industrial Alliance including consent to the Term Facility and the Term Security (the "**IA Intercreditor Agreement**").

(v) **AIM Placement.** Completion of a private placement of shares of C2C Industrial Properties Inc. to Alberta Investment Management Corp. with proceeds sufficient to fund the acquisition of the Term Properties, along with the First Mortgage, the Term Facility and $3,000,000 raised by the Borrower (that will not be secured on the Term Properties or the Mississauga Property) (the "**AIM Placement**").

(w) **TSX Approvals.** Delivery of evidence of the approval of the TSX to the acquisition of the Term Properties pursuant to the Purchase Agreement and the completion of the AIM Placement.

(x) **Financials.** Satisfactory review by the Bank in its sole discretion of the pro-forma 1 year financial projections/budget forecast for the Borrower and such financial information for the Mississauga Property as shall be required by the Bank.

(y) **Management Agreements.** Satisfactory review by the Bank of the property management agreement(s) in respect of the Properties.

(z) **Estoppels.** Receipt of the Required Estoppels and the Landlord Certificates addressed to the Bank and receipt of an estoppel certificate in form acceptable to the Bank, and addressed to the Bank, from the tenant of the Mississauga Property.

(aa) **Legal Opinion.** A legal opinion of counsel to each Obligor in respect of this Agreement and all documents delivered pursuant to this Agreement in form and substance satisfactory to the Bank.

(bb) **Mississauga Discharge.** The Mississauga Existing Mortgage shall have been discharged.

(cc) **Other Information.** Such financial and other information or documents relating to the Obligors as the Bank may reasonably require.

(dd) **Oakville Covenant.** The Vendor under the Purchase Agreement shall have covenanted in favour of the Bank to perform all obligations under Section 6.9 of the Purchase Agreement in accordance with Section 6.9 of the Purchase Agreement.

(ee) **Manager Acknowledgement Agreement.** The property manager under the Management Agreements shall have entered into an agreement acceptable to the Bank with respect to the Management Agreements.

15. CONDITIONS – SUBSEQUENT BORROWING

The obligation of the Bank to make available any Borrowing under the Demand Facility after the initial Borrowing is conditional upon satisfactory evidence being given to the Bank as to compliance with the following conditions:

(a) **Representations and Warranties True.** The representations and warranties contained in this Agreement shall be true and correct in every material respect as if made contemporaneously with such Borrowing (except where expressed to be given only as of a specified date, and except for such qualifications to such representations and warranties which have been both disclosed to the Bank in writing after the date hereof and accepted by the Bank in writing).

(b) **Notice of Borrowing.** The Bank shall have received a Borrowing Notice.

(c) **No Liens.** The Bank shall not have received any notice of any Security Interest encumbering any Collateral other than Permitted Encumbrances.

(d) **No Default.** No Default or Event of Default has occurred and is continuing.

(e) **Material Adverse Effect.** No event resulting in a Material Adverse Effect shall have occurred.

(f) **BA Borrowing.** Where the Borrowing contemplates the issuance of a BA, the Bank shall have received from the Borrower duly executed documents required by the Bank in respect of each BA requested.

16. REPRESENTATIONS AND WARRANTIES

Each Obligor represents and warrants to the Bank that:

(a) **Due Incorporation.** Each Obligor has been duly created and organized and is validly subsisting under the laws of its jurisdiction of incorporation or organization. Each Obligor holds all necessary permits, consents and registrations and has all necessary power and authority to own or lease its properties and assets and to carry on its business as now conducted in accordance with all Applicable Laws, and is or will be duly licensed or registered or otherwise qualified in all jurisdictions wherein the nature of its assets or the business transacted by it makes such licensing, registration or qualification necessary.

(b) **Power.** Each Obligor has full power and capacity to enter into, deliver and perform its obligations under each of the Loan Documents to which it is a party.

(c) **Due Authorization and No Conflict.** The execution, delivery and performance by each Obligor of the Loan Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby:

(i) have been duly authorized by all necessary action on the part of such Obligor;

(ii) do not and will not conflict with, result in any breach or violation of, or constitute a default under (a) the constating documents or by-laws of such Obligor, or any Applicable Laws, or (b) any determination or award presently in effect and applicable to such Obligor, or (c) of any commitment, agreement or any other instrument to which such Obligor is now a party or is otherwise bound;

(iii) do not result in or require the creation of any Security Interest upon or with respect to any of the Collateral other than in favour of the Bank; and

(iv) do not require the consent or approval (other than those consents or approvals already obtained and (certified, if requested by the Bank) copies of which have been delivered to the Bank) of, or registration or filing with, any other party (including shareholders of such Obligor) or any Governmental Authority other than the consent of Industrial Alliance to the assumption of the First Mortgage and the approval of the TSX of the acquisition of the Term Properties pursuant to the Purchase Agreement and the AIM Placement.

(d) **Valid and Enforceable Obligations.** The Loan Documents to which the Obligors are a party are, or when executed and delivered to the Bank will be, legal, valid and binding obligations of each Obligor, as applicable, enforceable in accordance with their respective terms.

(e) **No Actions.** There are no actions, suits, proceedings, inquiries or investigations existing, pending or, to the knowledge of any Obligor, threatened, affecting any Obligor in any court or before or by any federal, provincial, state or municipal or other governmental department, commission, board, tribunal, bureau or agency, Canadian or foreign, which could have a Material Adverse Effect.

(f) **Financial Information.** Subject to any limitations stated therein, the financial statements of the Obligors furnished to the Bank under this Agreement, or which were furnished to the Bank to induce it to enter into this Agreement, or otherwise furnished in connection with this Agreement, fairly present the financial condition of each such entity and its Subsidiaries as at the date thereof, and no event has occurred that has resulted in a Material Adverse Effect in their financial position between such dates and the Closing Date. All such financial statements are and will be prepared in accordance with the accounting principles applied by the management of the Obligors and which are approved by the Bank in its sole discretion, acting reasonably, and are applied in a consistent manner from period to period.

(g) **No Defaults or Events of Default.** No Default or Event of Default has occurred and is continuing. No default or event of default has occurred and is continuing in respect of any Material Contract to which any Obligor is now a party or is otherwise bound, entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder in excess of $250,000, or terminate any such Material Contract.

(h) **Compliance with Law.** No Obligor is in violation of any terms of its constating documents or by-laws or of any law, regulation, rule, order, judgment, writ, injunction, decree, determination or award presently in effect and applicable to it and each of the Properties and the operation and use thereof are in compliance, in all material respects, with Applicable Law.

(i) **Auditor.** No Obligor has had any material conflict or dispute with its Auditor.

(j) **Contracts.** No material default or breach has occurred under any leases, management contracts and other contracts, indentures or other agreements in respect of the Properties.

(k) **Subsidiaries.** No Obligor owns any shares or voting securities of any Person as at the Closing Date other than nominee titleholders of real property or and provided that the Guarantor owns the shares of the Borrower. The Term Nominee is a wholly-owned direct subsidiary of the Guarantor operating as a single purpose entity for the purpose of owning only the Term Properties.

(l) **Taxes.** Each Obligor has filed all federal, provincial, state and local tax returns which are required to be filed and has paid all Taxes due pursuant to such returns or pursuant to any assessment received by it except such Taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. The charges, accruals and reserves on the books of the Obligors in respect of any Taxes or other governmental charges are adequate.

(m) **Employees.** No Obligor has any employees.

(n) **Accuracy of Information.** To the best of their knowledge, all factual information previously or contemporaneously furnished by or on behalf of the Obligors in writing for purposes of or in connection with this Agreement or any transaction contemplated hereby is true and accurate in every material respect, as of the date so provided or specified therein, and such information is not incomplete by the omission of any material fact necessary to make such information not misleading. There is no fact known to the Obligors which the Obligors have not disclosed to the Bank which has resulted, or so far as the Obligors can now reasonably foresee, will result in a Material Adverse Effect.

(o) **Solvency.** Each Obligor is solvent and will not become insolvent after giving effect to the transactions contemplated in this Agreement.

(p) **Financial Year End.** The Financial Year End of each Obligor is on December 31 in each calendar year.

(q) **Debt and Guarantees.** No Obligor nor any Subsidiary of an Obligor has guaranteed the obligations of any Person in respect of indebtedness for borrowed money or otherwise save and except for Permitted Debt.

(r) **Tax liens.** There are no liens for Taxes on the assets of the Obligors except in respect of amounts not yet due and payable for which the Obligors maintain sufficient reserves.

(s) **Debt.** No Obligor nor any Subsidiary of an Obligor has any Debt other than Permitted Debt, except for the debt secured by the Mississauga Existing Mortgage which will be repaid on Closing.

(t) **Insurance.** Each Obligor maintains insurance policies on its properties, assets and business placed with such insurers and with such coverage and against such loss or damage to the extent insured against by comparable entities engaged in comparable businesses. Each Obligor has paid all premiums necessary to maintain any such insurance policies in good standing.

(u) **Material Contracts and Permitted Encumbrances.**

(i) True copies of each of the Material Contracts, the nominee agreements in respect of the Properties and the Purchase Agreement existing at the date hereof, have been delivered to the Bank.

(ii) With respect to each of the Material Contracts, nominee agreements relating to the Properties and the Purchase Agreement existing at the date hereof: (A) it is in full force and effect and has not, except as has been disclosed in writing to the Bank, been amended; (B) to the extent it is a party thereto, it has been duly executed and delivered and constitutes a valid and binding obligation of the applicable Obligor(s); and (C) it has not received any notice or claim of a default or breach which is reasonably likely to have a Material Adverse Effect.

(iii) With respect to each of the Material Contracts, the Purchase Agreement and each of the Permitted Encumbrances: (A) all obligations and covenants, the non-compliance with which is reasonably likely to have a Material Adverse Effect, required to be met or complied with on the part of the Obligors have been complied with and with respect to any other party thereto have been met or complied with to the best of the knowledge of the Obligors; and (B) no default or event, which with the giving of notice or a lapse of time or both would constitute a default on the part of the Obligors exists which is reasonably likely to have a Material Adverse Effect.

(iv) The Material Contracts listed on Schedule "F" constitute the only agreements which are material to the ownership or operation of the Properties.

(v) **Real Property Title.** The Borrower will have on the date hereof a good and marketable beneficial title to each of the Properties, subject only to Permitted Encumbrances and no Person has any agreement or right to acquire the Borrower's interest in any of the Term Properties. Each Registered Owner will have on the date hereof a good and marketable legal title to the Properties or Property, where applicable, which it holds solely as nominee for and on behalf of the Borrower, subject only to Permitted Encumbrances and no Person (other than the Borrower) has any agreement or right to acquire such Registered Owner's interest in any of the Properties..

(w) **Principal Place of Business.** The "chief executive office", "place of business" and "chief place of business" (within the meaning of Section 7(4) of the *Personal Property Security Act* (Ontario)) of each Obligor is Ontario.

(x) **Corporate Name and Prior Transactions.** The Obligors have not, during the past five years, been known by or used any other corporate or fictitious name, or been a party to any amalgamation, merger or consolidation, or acquired any of its property out of the ordinary course of business, except as set out on Schedule "I".

(y) **Environmental.** To the best of its knowledge, after due inquiry:

(i) there are no existing, pending or threatened: (A) claims, complaints, notices or requests of which it is aware (after due inquiry) with respect to any alleged violation of or alleged liability under any Environmental Laws relating to any of the Properties; or (B) governmental or court orders, including, without limitation, stop, clean up or preventive orders, directions or action request notices of which it is aware relating to environmental matters requiring any works, repairs, remediation, clean up, construction or capital expenditures with respect to any of the Properties;

(ii) each of the Properties and the use and operation thereof is in compliance in all material respects with all Environmental Law and laws relating to occupational health and safety;

(iii) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any of the Properties; and

(iv) no condition (including the existence, storage or release of any Contaminant) exists at, on or under any of the Properties which, with the passage of time, the giving of notice, the making of any determination, or any combination of the foregoing, has given rise to or could reasonably be expected to give rise to material liability under any Environmental Law.

(z) **Environmental Convictions.** With respect to any of the Properties, it has not been convicted of an offence or subjected to any judgment, injunction or other proceeding, for material non-compliance with any Environmental Laws or been fined or otherwise sentenced or settled such prosecution, judgment, injunction or other proceeding short of conviction.

(aa) **Data.** Copies in its possession of all analysis and monitoring data for soil, groundwater, surface water and reports pertaining to any environmental assessments/audits relating to any of the Properties that disclose any matters that would be reasonably likely to have a Material Adverse Effect that were obtained, are in the possession or control of, or carried out on its behalf have been provided to the Bank prior to the date hereof.

(bb) **Zoning, Uses and Expropriation.**

(i) The existing use of each of the Properties complies in all material respects with all Applicable Laws.

(ii) No Obligor has received notice of any proposed rezoning of all or any part of any of the Properties that is reasonably likely to have a Material Adverse Effect.

(iii) No Obligor has received notice of any expropriation of all or any part of any of the Properties.

(cc) **Work Orders.** There are no outstanding judgments, writs of execution, seizures, injunctions or directives against it, nor any work orders or directives or notices of deficiency capable of resulting in work orders or directives with respect to any of the Properties other than the site plan deficiencies in respect of the Term Property located in Oakville, Ontario that are set out on Schedule "J".

(dd) **Notice of Liens.** No Obligor has received notice of any claims for construction liens with respect to work or services performed or materials supplied in connection with any of the Properties.

(ee) **Condition of Properties.** All buildings and improvements comprising part of any of the Properties are in good physical condition, and there are no material defects or extraordinary repairs required in connection therewith, except as disclosed in writing to, and approved by, the Bank.

17. FINANCIAL COVENANTS AND REPORTS

Each of the Obligors covenants and agrees with the Bank, while this Agreement is in effect:

(a) While any Term Obligations are outstanding, to maintain in respect of the Term Properties:

(i) a maximum Loan to Value of 78%, such amount to be calculated as of the Closing Date and annually as at the end of each calendar year; and

(ii) a minimum Debt Service Coverage Ratio of: (a) for the first nine months of the term of the Term Facility, 1.15; and (b) thereafter, 1.20 times, in each case such amount to be tested as of the Closing Date and quarterly at the end of each calendar quarter.

(b) To cause Guarantor to maintain:

(i) minimum tangible net worth of the aggregate of: (a) $10,000,000, plus (b) 75% of the proceeds of any equity issuance after the Closing Date (for greater certainty, including the AIM Placement); and

(ii) maximum Debt to adjusted gross book value of assets (on a consolidated basis) of no more than: (a) until any equity issuance is completed after the Closing Date (for greater certainty, including the AIM Placement), 90%; and (b) from and after any equity issuance completed after the Closing Date (for greater certainty, including the AIM Placement), 70%.

(c) To provide the Bank with:

(i) immediate written notice and details of any Default or Event of Default, forthwith upon the occurrence thereof;

(ii) immediate written notice of any action, suit, litigation or other proceeding involving amounts in excess of $250,000, commenced or threatened in writing against any Obligor immediately upon the occurrence thereof;

(iii) immediate written notice of any Potential Prior Ranking Claim which is not paid when due and payable or which arises other than in the ordinary course of business; and

(iv) such other financial and operating statements and reports as and when the Bank may reasonably require.

Each Obligor agrees with the Bank that if the computation of any financial ratio or other provision in this Agreement is affected by changes to GAAP or the application of alternative standards or calculation methods of GAAP, negotiations in good faith shall be undertaken between the Obligors in order to amend such ratios or other provisions to preserve the original intent and effect of the ratios or provisions as of the date of this Agreement.

18. POSITIVE COVENANTS

From the date hereof and until all indebtedness, liabilities and obligations are finally repaid in full, the Borrower and each Obligor will observe and perform, or will cause the observance and performance of each of the following covenants, unless compliance therewith shall have been waived in writing by the Bank:

(a) **Existence.** Each Obligor will do or cause to be done all such things as are necessary to maintain its existence in good standing, to ensure that it has at all times the right and is duly qualified to conduct its businesses and to obtain and maintain all material rights, privileges and franchises necessary for the conduct of its business.

(b) **Conduct of Business.** Each Obligor will maintain, operate and use its properties and assets, and will carry on and conduct its business in a proper and efficient manner in accordance with prudent industry practice so as to preserve and protect such properties and assets and business and the profits thereof. Each Nominee will remain a single purpose entity for the purpose only of owning the Properties or Property that it owns.

(c) **Use of Facility.** The Borrower shall not use any Borrowing to finance a hostile takeover or acquisition.

(d) **As to Collateral.** Each Obligor will defend all of the collateral in which a Security Interest is granted to the Bank pursuant to the Loan Documents (including the Properties, collectively, "**Collateral**") against the claims and demands of all other parties claiming the same or an interest therein other than Permitted Encumbrances and will keep the Collateral free from all encumbrances other than Permitted Encumbrances. Each Obligor will keep the Collateral in good order, condition and repair ordinary wear and tear excepted and will not use the Collateral in violation of the provisions of any Loan Document or any insurance policy insuring Collateral or in violation in any material respect of any Applicable Law.

(e) **Payment of Principal, Interest and Expenses.** The Borrower will duly and punctually pay or cause to be paid to the Bank all indebtedness, liabilities and obligations owed by it to the Bank at the times and places and in the manner provided for herein.

(f) **Payment of Taxes and Claims.** Each Obligor will pay and discharge promptly when due all Taxes, assessments and other governmental charges or levies imposed upon it or upon its properties or assets or upon any part thereof, as well as all claims of any kind (including claims for labour, materials and supplies) which, if unpaid, would by law become a lien, charge, trust or other claim upon any such properties or assets; but no Obligor shall be required to pay any such Tax, assessment, charge or levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings and if such Obligor shall have set aside on its books a reserve to the extent required by GAAP in an amount which is reasonably adequate with respect thereto.

(g) **Annual Financial Information.** As soon as practicable and in any event within 120 days of the end of each Financial Year of the Guarantor, the Borrower shall deliver to the Bank (i) copies of audited annual financial statements of the Guarantor on a consolidated basis prepared in compliance with GAAP, which financial statements shall include balance sheets and related statements of operations, shareholders equity, a capital account summary, statement of cash flows, stating in comparative form on a consistent basis the respective figures as of the end of such Financial Year and for the previous Financial Year and a reconciliation to the financial reporting and calculation of financial covenants made by the Borrower for each fiscal quarter of the Financial Year, together with an Auditor's report confirming that in such Auditor's opinion the statements present fairly the financial position of the Guarantor and the results of its operations for the Financial Year reported on; (ii) notice of any sale of any assets or issuance of any debt or equity securities having occurred during such Financial Year the gross proceeds of which are $5,000,000 (per occurrence) or greater; and (iii) a Compliance Certificate for the fourth fiscal quarter.

(h) **Quarterly Financial Information.** The Borrower shall deliver to the Bank, not later than 60 days after the first, second and third fiscal quarters in each Financial Year of the Guarantor (i) copies of the unaudited consolidated financial statements of the Guarantor prepared in compliance with GAAP, which financial statements shall include balance sheet and related statements of operations, shareholders equity, a capital account summary, statement of cash flows for the portion of such Financial Year ended with the last day of such quarterly accounting period, all in reasonable detail and prepared and certified (subject to year-end audit adjustments) by a senior financial officer of the Guarantor, and with a comparison to budget; (ii); notice of any sale of any assets or issuance of any debt or equity securities having occurred during such fiscal quarter the gross proceeds of which are $5,000,000 (per occurrence) or greater; and (iii) a Compliance Certificate for such fiscal quarter.

(i) **Real Property Financial Reporting.** The Borrower shall deliver to the Bank, not later than 60 days after the end of each fiscal quarter of each Financial Year of the Guarantor copies of the following separate unaudited financial statements for each of the Properties: statements of operations, rent roll and cash flows for the portion of such Financial Year ended with the last day of such quarterly accounting period, all in reasonable detail and prepared and certified (subject to year-end audit adjustments) by a senior financial officer of the Borrower, and with a comparison to budget.

(j) **Appraisal.** The Borrower shall deliver to the Bank a copy of an Appraisal of each of the Properties at least once each Financial Year and no later than 12 months from the date of the last applicable Appraisal, provided that the Borrower shall only be obligated to deliver updated Appraisals for the Term Properties if the Term Facility is extended pursuant to Section 9.

(k) **Other Reporting.** The Borrower shall deliver to the Bank (i) copies of all presentations or other reports made or delivered to shareholders of the Guarantor, within 5 Business Days; (ii) notice of any intended or purported sales, assignments, pledges, mortgages, transfers or other dispositions of equity in the Guarantor involving an amount of $5,000,000 or greater; (iii) a pro forma operating statements or budgets for each of the Properties; and (iv) such other reports, certificates, projections of income and cash flow or other matters affecting the business affairs or financial condition of any of the Obligors or of any of the Properties as the Bank may reasonably request, within 10 Business Days of any request made by the Bank.

(l) **Auditor.** The Borrower and the Term Nominee shall not change its Auditor after the Closing Date.

(m) **Insurance.** Each Obligor shall insure and keep insured its properties, assets and business placed with such insurers and with such coverage and against such loss or damage to the extent insured against by comparable entities engaged in comparable businesses. Each Obligor shall pay or cause to be paid all premiums necessary to maintain any such insurance policies in good standing as such premiums become due and payable.

(n) **Books and Records.** Each Obligor will at all times maintain proper records and books of account and therein make true and correct entries of all dealings and transactions relating to its business and, if requested by the Bank, will make the same available for inspection by the Bank or any agent of the Bank at all reasonable times.

(o) **Access.** Subject to the rights of tenants of any real property and upon reasonable prior written notice, each Obligor will permit the Bank through its officers or employees or through any consultants retained by it, upon request, to have reasonable access at any reasonable time and from time to time, to the Collateral and to any obligors' premises and to any records, information or data in their possession so as to enable the Bank to obligors' financial condition or operations, and will permit the Bank to make copies of and abstracts from such records, information or data, and will upon request of the Bank deliver to the Bank copies of such records, information or data.

(p) **Notice of Material Adverse Effect.** Each Obligor will give to the Bank prompt written notice of any event which results in a Material Adverse Effect.

(q) **Notice of Litigation.** Each Obligor will give to the Bank prompt written notice of any action, suit, litigation, or other proceeding in an amount greater than $250,000 which is commenced or threatened in writing against any Obligor.

(r) **Notice of Default.** The Borrower shall give to the Bank notice of any Default or Event of Default or any default under any Material Contract or Permitted Encumbrance entitling any other party thereto to accelerate the maturity of amounts of principal owing thereunder or to terminate such contract or Permitted Encumbrance, as soon as practicable after it becomes aware of same.

(s) **Notice regarding Tenancy.** The Borrower shall give notice to the Bank upon becoming aware of any tenant terminating or intending to terminate its tenancy in respect of any of the Properties or vacating or intending to vacate any leased portion of any of the Properties, in each case where such tenant occupies 5% or more of the gross leasable area of the applicable Property.

(t) **Material Contracts and Permitted Encumbrances.** The Borrower and the Registered Owners shall perform all of its obligations pursuant to all Material Contracts and Permitted Encumbrances.

(u) **Compliance with Laws.** Each Obligor shall comply in all material respects with all Applicable Laws, including Environmental Laws.

(v) **Bank Accounts.** The Borrower shall maintain all of its bank accounts in respect of the Properties with Royal Bank of Canada.

(w) **Good Repair.** The Obligors will keep the Collateral and all of the material assets and properties used or useful in the conduct of its business in good repair, working order and condition, ordinary wear and tear excepted and from time to time shall make, or cause to be made, all needful and proper repairs, renewals and replacements, betterments and improvements thereto, all as in the reasonable judgment of the Obligors may be necessary so that the business carried on by the Obligors may be properly and advantageously conducted at all times.

(x) **Cooperate With Bank.** Each Obligor shall cooperate fully with the Bank with respect to any proceedings before any court, board or other Governmental Authority which may in any way materially and adversely affect the rights of the Bank hereunder or any rights obtained by the Bank under any of the other Loan Documents. Each Obligor shall cooperate with the Bank in obtaining for the Bank the benefits of any insurance proceeds lawfully or equitably payable in connection with any Property to the extent that Bank is entitled to the same under the terms of this Agreement, and the Bank shall be reimbursed for any reasonable actual out-of-pocket expenses incurred in connection therewith (including, without limitation, reasonable attorney's fees and disbursements, and the payment by the Obligors of the expense of an appraisal on behalf of the Bank in case of a fire or other casualty affecting such Property or any part thereof) out of such insurance proceeds.

(y) **Other Encumbrances.** Unless the same shall constitute a Permitted Encumbrance, the Borrower shall discharge, in a timely manner, all Security Interests against any Collateral from time to time.

(z) **Title.** The Borrower shall and shall cause each Registered Owner to, warrant and defend its title to each Property and every part thereof against the claims of all persons whomsoever and do, observe and perform all of its obligations and all things necessary or expedient to be done, observed or performed by virtue of any Applicable Law for the purpose of creating, maintaining and keeping maintained the Security as valid and effective security with the priority required hereunder.

(aa) **Observance and Performance of Covenants and Necessary Acts to Protect Security.** The Borrower shall observe and perform and shall cause each Registered Owner to observe and perform all of the covenants set out in the Security to which it is a party and at the Borrower's expense, it shall take such steps as may be necessary or advisable to perfect the Security (or any part thereof) to which it is a party or to carry out the intent of this Agreement from time to time. The Borrower shall and shall cause each Obligor to deliver the Security required in accordance with the terms of this Agreement.

(bb) **Further Assurances.** At the Borrower's cost and expense, upon request of the Bank, duly execute and deliver or cause to be duly executed and delivered to the Bank such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of the Bank, acting reasonably, to carry out more effectively the provisions of the Loan Documents.

(cc) **New Locations and Names.** Each Obligor shall advise the Bank in writing within 10 Business Days of the occurrence of the change of location of any of their "chief executive office", "place of business", "registered office", "chief place of business", "principal place of business" or the location of its records; or (ii) change of its corporate name. Each Obligor shall provide the Bank with any additional security which the Bank may reasonably deem necessary or advisable to maintain or continue the effectiveness of its Security as a result of such change.

(dd) **Insurance Notice.** Each Obligor shall immediately notify the Bank in writing of any termination or cancellation of any of, immediately a reduction in the amount or the material change in the coverage provided under any of its insurance policies and from time to time at the Bank's request will deliver a copy of any of its insurance policies (or satisfactory evidence of such insurance policy) to the Bank.

(ee) **Environmental Audit.** The Borrower shall commission an environmental site assessment/audit report of one or more of the Properties or an update of such assessment/audit report (i) upon the written request of the Bank if, in its reasonable opinion, there is a material concern about its compliance with Environmental Laws, all in scope, form and content satisfactory to the Bank; (ii) if such assessment/audit report has been prepared at the request of or on behalf of any Governmental Authority; or (iii) if a Default relating to an environmental matter has occurred, and the Bank has made a written request to it for such an assessment/audit report or update, within 45 days after such request, and all such assessments/audits reports or updates thereof shall be at its expense and risk. An environmental site assessment/audit includes, for purposes of this Section, without limitation, any inspection, investigation, test, sampling, analysis or monitoring pertaining to air, land or water relating to the applicable Property.

19. NEGATIVE COVENANTS

From the date hereof and until all indebtedness, liabilities and obligations due to the Bank are finally paid in full, each Obligor shall adhere to the following covenants unless waived in writing by the Bank:

(a) **Not to Amalgamate, etc.** No Obligor shall enter into any transaction or series of related transactions (whether by way of amalgamation, merger, winding-up, consolidation, reorganization, reconstruction, continuance, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, properties, rights or assets would become the property of any other Person or, in the case of amalgamation or continuance, of the continuing corporation resulting therefrom.

(b) **Debt.** No Obligor shall create, assume, issue or permit to exist, directly or indirectly, any Debt except for Permitted Debt.

(c) **Negative Pledge.** No Obligor shall create, assume, incur or suffer to exist any Security Interest in or upon any of the Collateral except for Permitted Encumbrances.

(d) **Material Contracts and Permitted Encumbrances.** No Obligor shall cancel or terminate any Material Contract or Permitted Encumbrance or amend or otherwise modify (or permit the same) any Material Contract or Permitted Encumbrance or waive any default or breach under any Material Contract or Permitted Encumbrance, or take any other action in connection with any Material Contract or Permitted Encumbrance if doing so would result in a Material Adverse Effect.

(e) **Change in Financial Year or Business.** No Obligor shall change its Financial Year end or commence carrying on any other business other than that which is permitted pursuant to its articles of incorporation.

(f) **Change in Articles.** No Obligor shall amend, terminate or assign (or permit the same) its articles, or other constating documents without the prior written consent of the Bank.

(g) **Sale of Property.** Neither the Borrower nor any Registered Owner will, without the prior written consent of the Bank, sell, transfer, convey or otherwise dispose of any interest in a Property.

(h) **Sale of Assets.** Neither the Borrower nor any Registered Owner will sell, transfer, convey, lease or otherwise dispose of any personal property related to or used in connection with a Property other than in the ordinary course of business, unless the proceeds thereof are utilized to pay in full all indebtedness, liabilities and obligations due to the Bank hereunder.

(i) **Leasing.** The Borrower shall not, and shall cause each Registered Owner not to, enter into any leases in respect of any Property or amend, renew, terminate, forfeit or cancel any leases in respect of any Property unless:

(i) such leases, amendments, renewals, terminations, forfeitures or cancellations are made on arm's length terms and in good faith; and

(ii) such Leases, amendments, renewals, terminations, forfeitures or cancellations reflect good business practice and on such terms as a prudent owner of a similar property would accept having regard to prevailing market terms and conditions and otherwise in accordance with prudent leasing practices.

(j) **Concerning Leases Generally.** Except in the ordinary course of business and provided such action is prudent in the circumstances:

(i) the Borrower shall not, and shall cause each Registered Owner not to, accept or require payment of rent or other moneys payable by a tenant under any lease in respect of any Property that would result in more than three months of such rent or other moneys being prepaid under such lease other than: (A) prepaid rent or deposits on account of rent which represent the portion of the cost of construction of the relevant demised premises which exceeds the portion of such cost which was used as the basis for determining the basic rental otherwise payable under such lease; or (B) amounts representing a bona fide precalculation of any amount (which is required to be paid under such lease) in addition to basic rental, including amounts payable with respect to taxes and maintenance of the applicable Property and overage and percentage rentals; or (C) lease surrender payments and security deposits made by the tenant under such lease; and

(ii) simultaneously with the execution of any lease for 10,000 square feet or more (or any other Lease in respect of which the Bank makes a request), the Borrower shall or shall cause the applicable Registered Owner to obtain an estoppel certificate in favour of the Bank in the form provided by the Bank and to use commercially reasonable efforts to obtain from the tenant thereunder an attornment and non-disturbance agreement in a form acceptable to the Bank, acting reasonably (provided that in the event that the Bank and such tenant cannot agree upon a form of non-disturbance agreement, the Bank agrees that it shall enter into a priority agreement with the tenant granting priority over the Security to such tenant's lease so long as the tenant agrees to attorn to the Bank). If the Borrower requests that the Bank execute and deliver an attornment and non-disturbance agreement with respect to any other future lease in a form acceptable to the Bank, acting reasonably, (provided that in the event that the Bank and such tenant cannot agree upon a form of non-disturbance agreement, the Bank agrees that it shall enter into a priority agreement with the tenant granting priority over the Security to such tenant's lease so long as the tenant agrees to attorn to the Bank) the Bank will do so if it is satisfied that such lease has been entered into in accordance with this Agreement.

(k) **Not To Remove, Destroy or Redevelop.** The Borrower shall not and shall not permit any Registered Owner to, except as part of a renovation or redevelopment where the costs relating to same are less than $1,000,000 (and otherwise with the consent of the Bank), destroy, remove, permit to be destroyed or removed any of the buildings, plant, machinery or equipment comprising part of any Property; provided that it may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out, replaced or unserviceable if such plant, machinery or equipment is replaced by plant, machinery or equipment of at least equal performance or if such plant, machinery or equipment so dealt with is unnecessary for use in the conduct of its business at the applicable Property provided that such removal or other disposal does not materially impair the successful operation of the applicable Property and it or the applicable Registered Owner may temporarily remove of any such property for the purposes of repair.

(l) **No Amendment of Trust Agreements or Management Agreements**. The Borrower shall not nor shall it permit, except with prior written consent of the Bank, any amendment to a nominee agreement in respect of a property or any Management Agreement in any manner that is reasonably likely to result in a Material Adverse Effect.

(m) **Property Indebtedness.** The Borrower shall not and shall not permit any Registered Owner to incur any Debt secured against any of the Properties other than the First Mortgage.

20. INDEMNITY

The Obligors hereby indemnify and hold harmless the Bank on a joint and several basis, for any or all loss, cost, liability, judgment, claim, damage or expense sustained, suffered or incurred by the Bank (including, without limitation, the Bank's attorneys' fees and costs) arising out of or attributable or relating to:

(a) fraud or misrepresentation by any Obligor in connection with the Facilities;

(b) insurance and/or expropriation proceeds received but not paid over or applied in accordance with the terms hereof or the Security;

(c) the breach of provisions of any Loan Document; and

(d) all fees and costs due to the Bank, including, without limitation, the Bank's attorneys' fees and costs, counsel fees and any due diligence costs.

21. EVENTS OF DEFAULT

Without limiting any other rights of the Bank under this agreement, if any one or more of the following events (herein an "**Event of Default**") has occurred and is continuing:

(a) the Borrower fails to pay (a) when due, any principal and (b) within three Business Days of the due date or acceleration thereof, any interest, fees or other amounts due under this Agreement;

(b) any Obligor breaches any covenant or provision set out in Section 17;

(c) any Obligor breaches any covenant or other provision of the Loan Documents other than those set out in Section 21(b) and has not cured such breach within 10 days of such breach arising;

(d) any Obligor defaults in the payment of any indebtedness in excess of $250,000 to any Person other than the Bank, or in the performance or observance of any agreement in respect of any such indebtedness where, as a result of such default, the maturity of such indebtedness is or may be accelerated or judgment in an amount equal to or greater than $250,000 is rendered against any Obligor;

(e) any representation or warranty made or deemed to have been made herein or in any certificate or security provided for herein shall be or shall become false or inaccurate in any materially adverse respect;

(f) a change of Control occurs in respect of any Obligor, unless such change of Control results in Control by Alberta Investment Management Corporation or Moray Tawse;

(g) any Obligor defaults, breaches or is in contravention of the terms and conditions of any indebtedness, liabilities and obligations having an aggregate value of at least $250,000 or indebtedness, liabilities and obligations of any Obligor having an aggregate value of at least $250,000 are demanded or accelerated;

(h) a Material Adverse Effect occurs;

(i) there is, in the opinion of the Bank, acting reasonably, a material adverse change in the financial condition, operation or ownership of any Obligor or any Property;

(j) any Obligor is unable to pay its debts as such debts become due, or is, or is adjudged or declared to be, or admits to being, bankrupt or insolvent;

(k) any notice of intention is filed or any voluntary or involuntary case or proceeding is filed or commenced for (i) the bankruptcy, liquidation, winding-up, dissolution or suspension of general operations of any Obligor; or (ii) the composition, re-scheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts of any Obligor; or (iii) the appointment of a trustee, receiver, receiver and manager, liquidator, administrator, custodian or other official for, all or any significant part of the assets of any Obligor; or (iv) the possession, foreclosure or retention, or sale or other disposition of, or other proceedings to enforce security over, all or any significant part of the assets of any Obligor;

(l) any secured creditor, encumbrancer or lienor, or any trustee, receiver, receiver and manager, agent, bailiff or other similar official appointed by or acting for any secured creditor, encumbrancer or lienor, takes possession of, or forecloses or retains, or sells or otherwise disposes of, or otherwise proceeds to enforce security over all or any significant part of the assets of any Obligor or gives notice of its intention to do any of the foregoing;

(m) the shares of the Guarantor cease to be publicly traded on a recognized stock exchange in Canada for a period in excess of 30 days;

(n) if any breach or default by an Obligor shall occur under any Material Contract or Permitted Encumbrance and such breach or default, if unremedied, would have a Material Adverse Effect on any Property or the Security or the interests charged thereby, unless such breach or default is, in the case of an event of default, remedied within 2/3 of the time available to cure such default or is being contested in good faith by appropriate proceedings and the Bank is satisfied that the position of the Bank and the Security and the interests charged thereby is being adversely affected;

(o) if any of the Security shall cease to be a valid and perfected security interest with the priority contemplated in this Agreement, as the case may be, subject to Permitted Encumbrances as against third parties and such default has not been cured within 10 Business Days or such longer period as may be required to cure such default after the earlier of (i) notice of such default is provided by the Bank to the Borrower; and (ii) the Borrower has actual notice of such default;

(p) if any Obligor fails to remit to the applicable Governmental Authority, any Potential Prior Ranking Claims owing by it within 30 days of the date such Potential Prior Ranking Claims became due and such default, where same can be cured, is not cured within 10 days after written notice of such default has been given by the Bank to the Borrower;

(q) if the Borrower or a Registered Owner violates any Environmental Law which results in an action request, violation notice or other notice or control order, cancellation of any license or certificate or approval that results in or that could reasonably be expected to result in a Material Adverse Effect, save and except where the action request, violation notice or other notice or control order or cancellation is being contested actively and diligently in good faith by appropriate and timely proceedings and the enforcement thereof has been stayed or the Borrower has commenced to satisfy the action request, violation notice, control order or other notice and the enforcement thereof has been stayed;

then, in such event, the ability of the Borrower to make further Borrowings under this Agreement shall immediately terminate and the Bank may, by written notice to the Borrower, declare the Borrowings outstanding under this agreement to be immediately due and payable. Upon receipt of such written notice, the Borrower shall immediately pay to the Bank all Borrowings outstanding under this agreement and all other obligations of the Borrower to the Bank in connection with this agreement including, without limitation, an amount equal to the aggregate of the face amounts of all Bas which are unmatured or unexpired, which amount shall be held by the Bank as security for the Borrower's obligations to the Bank in respect of such instruments or contracts. The Bank may enforce its rights to realize upon its security and retain an amount sufficient to secure the Bank for the Borrower's obligations to the Bank in respect of such contracts or instruments.

22. DISCHARGE OF SECURITY

(a) Upon a repayment in full of the Term Obligations and provided that no Default or Event of Default then exists, the Bank shall provide a discharge of the Term Security and upon the Bank provided such discharge, this Agreement shall be deemed to be amended effective from and after such discharge as follows: (i) the Term Properties shall no longer be considered "Properties"; and (ii) the Term Nominee shall not longer be considered an "Obligor" or a "Registered Owner".

(b) Subject to Section 8(c), upon a repayment in full of the Demand Obligations and provided that no Default or Event of Default then exists, the Borrower shall have the right to elect to cancel the Demand Facility, in which event the Bank shall provide a discharge of the Demand Security and upon the Bank provided such discharge, this Agreement shall be deemed to be amended effective from and after such discharge as follows: (i) the Demand Facility shall no longer be available; (ii) the Mississauga Property shall no longer be considered one of the "Properties"; and (iii) the Borrower shall not longer be considered a "Registered Owner".

23. SUCCESSORS AND ASSIGNS

(a) This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

(b) The Bank may assign all or part of its rights and obligations under this Agreement to any Person. The rights and obligations of each Obligor under this Agreement may not be assigned without the prior written consent of the Bank.

(c) The Bank may disclose to potential or actual assignees confidential information regarding the Obligors (including, any such information provided by the Obligors to the Bank) and, provided that the Bank shall have obtained from any such potential or actual assignee a confidentiality agreement in customary form, shall not be liable for any such disclosure.

24. GENERAL

Expenses

(a) The Borrower agrees to pay (i) all fees (including legal fees), costs and expenses payable to third parties incurred by the Bank and the Arranger in connection with the preparation, negotiation and documentation of this agreement and the operation, enforcement, amendments and waivers of this agreement; and (ii) all reasonable fees and other out-of-pocket expenses payable to third parties (including out-of-pocket expenses of the Arranger that are not covered under (i) above) incurred by the Arranger whether or not a Borrowing occurs (such fees and expenses to include, without limitation, all fees and expenses incurred in connection with the Bank's initial due diligence and any subsequent site visits.

Review

(b) The Bank may conduct periodical reviews of the affairs of the Obligors, as and when determined by the Bank, for the purpose of evaluating the financial condition of the Obligors. The Borrower shall make available to the Bank such financial statements and other information and documentation as the Bank may reasonably require and shall do all things reasonably necessary to facilitate such review by the Bank.

Consent to Disclosure

(c) Each Obligor hereby grants its consent (such grant to remain in force as long as this agreement is in effect or any Borrowings are outstanding) to any Person having information relating to any Potential Prior Ranking Claim to release such information to the Bank at any time upon its written request for the purpose of assisting the Bank to evaluate the financial condition of the Obligors.

Set Off

(d) The Bank is authorized, but not obligated, at any time, to apply any credit balance, whether or not then due, to which the Borrower is entitled on any account in any currency at any branch or office of the Bank in or towards satisfaction of the obligations of the Borrower due to the Bank under this Agreement. The Bank is authorized to use any such credit balance to buy such other currencies as may be necessary to effect such application.

Non-Merger

(e) The provisions of this Agreement shall not merge with any security provided to the Bank, but shall continue in full force for the benefit of the parties hereto.

Amendments and Waivers

(f) No amendment or waiver of any provision of this Agreement will be effective unless it is in writing signed by the Obligors and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder shall operate as a waiver thereof.

Severability

(g) If any provision of this Agreement is or becomes prohibited or unenforceable in any jurisdiction, such prohibition or unenforceability shall not invalidate or render unenforceable the provision concerned in any other jurisdiction nor invalidate, affect or impair any of the remaining provisions of this Agreement.

Governing Law

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

Whole Agreement

(i) This Agreement, the Security and any other written agreement delivered pursuant to or referred to in this Agreement constitute the whole and entire agreement between the parties in respect of the Facilities. There are no verbal agreements, undertakings or representations in connection with the Facilities.

Reliance Upon Verbal and Electronic Instructions

(j) Each Obligor consents to the Bank acting upon instructions given or agreements made over the telephone or by electronic transmission of any type (either relating only to the Obligors and the

Bank or involving crediting the accounts of third parties) with Persons reasonably believed by the Bank to have been acting on an Obligor's behalf and agrees that the Bank shall have no liability with respect to any such actions.

Notices

(k) Any notice or demand hereunder shall be given in writing by telecopier or letter, in each case addressed to an officer of the receiving party. A telecopier communication shall be deemed received on the date of transmission provided the appropriate confirmation of receipt has been received before 3:00 p.m. on a day on which the receiving party's office is open for normal business, and otherwise on the next such day. A letter shall be deemed received when hand-delivered to the receiving party, at the address shown herein or at such other address as the receiving party may notify the other from time to time. Each party shall be bound by any notice given hereunder and entitled to act in accordance therewith, unless otherwise agreed. The addresses of the parties for the purpose hereof shall be:

as to any Obligor:	Chris Ross c/o C2C Industrial Properties Inc. 2 Bloor Street West, Suite 1001 Toronto, Ontario M4W 3E2
Attention: Telecopier:	Chris Ross, President (416) 922-6667
as to the Bank:	RBC Capital Markets - Corporate Banking Royal Bank Plaza P.O. Box 50, 200 Bay Street 4th Floor, South Tower Toronto, Ontario M5J 2W7
Attention: Telecopier:	John Carere, Vice-President (416) 842-2787

or such other address for delivery as each party from time to time may notify the other as aforesaid.

Further Assurances

(l) The Obligors shall from time to time promptly upon the request of the Bank take such action and execute and deliver such further documents, as shall be reasonably required in order to fully perform the terms of, and to carry out the intention of, this Agreement.

Counterparts

(m) This Agreement may be executed in one or more counterparts and by facsimile counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

Time

(n) Time shall be of the essence in all provisions of this agreement.

-remainder of this page intentionally left blank-

Please confirm your acceptance of this agreement by signing the attached copy of this letter in the space provided below and returning it to the undersigned.

Yours truly,

ROYAL BANK OF CANADA

By:
Name: John Carere
Title: Vice - President

By: JOHN CARERE
Name: AUTHORIZED SIGNATORY
Title:

We acknowledge and accept the foregoing terms and conditions

C2C INDUSTRIAL PROPERTIES LTD.

By:
Name: Chris Ross
Title: CEO

C2C INDUSTRIAL PROPERTIES INC.

By:
Name: Chris Ross
Title: President and Secretary

C2C INDUSTRIAL PROPERTIES (GTA) LTD.

By:
Name: Chris Ross
Title: CEO

Please confirm your acceptance of this agreement by signing the attached copy of this letter in the space provided below and returning it to the undersigned.

Yours truly,

ROYAL BANK OF CANADA

By: ____________________
Name:
Title:

By: ____________________
Name:
Title:

We acknowledge and accept the foregoing terms and conditions

C2C INDUSTRIAL PROPERTIES LTD.

By: ____________________
Name: Chris Ross
Title: CEO

C2C INDUSTRIAL PROPERTIES INC.

By: ____________________
Name: Chris Ross
Title: President and Secretary

C2C INDUSTRIAL PROPERTIES (GTA) LTD.

By: ____________________
Name: Chris Ross
Title: CEO

Schedule "A" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

Definitions

For the purpose of this agreement, the following terms and phrases shall have the following meanings:

"**Agreement**" means this letter agreement and all schedules and instruments in amendment or confirmation of it; and the expressions "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Agreement.

"**AIM Placement**" has the meaning set out in Section 14(v).

"**Applicable Law**" means, at any time, with respect to any Person, property, transaction or event, all applicable laws, statutes, regulations, treaties, judgments and decrees and (to the extent having the force of law) all applicable official directives, rules, consents, approvals, by-laws, permits, authorizations, guidelines, orders and policies of any governmental or regulatory body or Persons having authority over that Person, property, transaction or event.

"**Appraisal**" means an appraisal of the Property carried out by a nationally recognized AACI certified real property appraiser in form and substance satisfactory to Bank.

"**Auditor**" means xx or another independent auditing firm of internationally recognized reputation.

"**Bankers' Acceptance**" or "**BA**" mean a bill of exchange, including a depository bill issued in accordance with the *Depository Bills and Notes Act* (Canada) drawn on the Bank by, and payable to the order of, the Borrower which have been accepted by the Bank.

"**Borrower**" means C2C Industrial Properties Ltd. and its successors.

"**Borrowing**" has the meaning set out in Section 4.

"**Borrowing Notice**" means a borrowing notice in the form of Schedule "D";

"**Branch of Account**" means the branch of the Bank at which the Borrower's accounts are maintained. As at the date of this agreement, the "**Branch of Account**" is the Bank's branch at 20 King Street West, Toronto, Ontario.

"**Business Day**" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed in the province of the Branch of Account.

"**Capital Leases**" means with respect to any Person, all agreements for the lease or rental of real or personal property of such Person as lessee that in accordance with GAAP are required to be classified and accounted for as capital leases.

"**Capitalized Lease Obligations**" means, with respect to any Person, all monetary obligations under Capital Leases.

"**Closing Date**" means, subject to Section 14(e), February 27, 2012.

"**Collateral**" has the meaning set out in Section 18(d).

"**Consolidated Debt**" means the Debt of applicable Obligor and its Subsidiaries, on a consolidated basis.

"**Contaminant**" includes, without limitation, any pollutant, dangerous substance, liquid waste, industrial waste, hazardous material, hazardous substance or contaminant including any of the foregoing as defined in any Environmental Law.

"**Control**" means the ownership or right to control through voting proxies of a minimum of 50.1% of the issued and outstanding voting shares, partnership interests or other instruments having the capacity to elect the directors or committees responsible for the control, management and direction of any Person or to otherwise control, management or direction of any Person.

"**Conversion Notice**" means a Borrowing Notice requesting a conversion of a BA or an RBP Loan or a rollover of a BA in accordance with Schedule "E".

"**Debt**" of a Person means, at any time and without duplication, calculated as at such time all indebtedness for moneys borrowed (including interest and other charges in respect thereof) and moneys raised by the issue of notes, bonds, debentures or other evidences of moneys borrowed (collectively, "**Borrowed Money**") including the face amount of bankers' acceptances and letters of credit or letters of guarantee; (i) all indebtedness for the deferred purchase price of property or services represented by a note or other evidence of indebtedness; (ii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (iii) all indebtedness of another person secured by a lien, charge, hypothec, mortgage or security interest on any assets or undertaking (real, personal, tangible or intangible) of the Person; (iv) all obligations under leases which have been or should be, recorded as capital leases in respect of which the Person is liable as lessee; (v) the aggregate amount at which any shares or equity interests in the capital of the Person which are redeemable at the option of the holder or retractable at the option of the holder, as the case may be, may be so retracted or redeemed for cash or debt provided all conditions precedent for such retraction or redemption have been satisfied; (vi) all current liabilities of a Person represented by a note, bond, debenture or other evidence of indebtedness; and (vii) all Debt Guaranteed by the Person.

"**Debt Guaranteed**" by any Person means, without duplication, the amount outstanding at any time of all Debt of the kinds referred to in (i) through (vii) of the definition of Debt which is directly or indirectly guaranteed by the Person or which the Person has agreed (contingently or otherwise) to purchase or otherwise acquire, or in respect of which the Person has otherwise assured a creditor or other Person against loss.

"Debt Service Coverage Ratio" means the ratio for any period of the Borrower's net operating income on the Term Properties calculated in accordance with GAAP , less a capital expenditure reserve equal to 1.5% of the Borrower's gross revenues from the Term Properties calculated in accordance with GAAP, to the aggregate of scheduled principal and interest payments on Debt secured by or incurred in respect of the Term Properties. At any time prior to the date that is one year after the Closing Date, the Debt Service Coverage Ratio shall be calculated on an annualized basis based on the results for the Term Properties for each quarter ended after the Closing Date. Thereafter, the Debt Service Coverage Ratio shall be calculated on a quarterly basis for the most recent 12 month period.

"**Default**" means any event or condition that has occurred which, with notice, lapse of time, or both, would constitute an Event of Default.

"**Demand Facility**" has the meaning set out in Section 4.

"**Demand Limit**" means the lesser of: (i) $1,000,000; and (ii) the Lending Value for the Mississauga Property.

"**Demand Obligations**" means the aggregate of the Borrowings under the Demand Facility, all unpaid interest and fees in respect of the Demand Facility as herein provided and all other outstanding indebtedness, liabilities and obligations (including, without limitation, under any indemnities), whether direct, indirect, liquidated, unliquidated, contingent, present, future or otherwise, of the Obligors to the Bank pursuant to this Agreement (other than the Term Obligations), the Security or any other Loan Document and includes the face amount of each BA issued under the Demand Facility.

"**Demand Security**" has the meaning set out in Section 14(c).

"**Environmental Activity**" means any activity, event or circumstance in respect of a Contaminant, including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release into the natural environment, including movement through or in the air, soil, surface water or groundwater.

"**Environmental Laws**" means all Applicable Laws relating to the environment or occupational health and safety, or any Environmental Activity.

"**Event of Default**" has the meaning set out in Section 21.

"**Facilities**" means the Term Facility and the Demand Facility.

"**Financial Year**" of an entity means the 12 month period ending on the fiscal year end of that entity in each year.

"**First Mortgage**" means the charge/mortgage was registered in the Land Registry Office for the Land Titles Division of York (#65) as Instrument No. YR1183585, in the Land Registry Office for the Land Titles Division of Halton (#20) as Instrument No. HR675407 and in the Land Registry Office for the Land Titles Division of Toronto (#66) as Instrument Nos. AT1817636 and AT1817638.

"**GAAP**" means, generally accepted accounting principles in effect from time to time in Canada applied in a consistent manner from period to period.

"**Governmental Authority**" means any nation or government, any province, state, municipality, local or other political subdivision thereof and any agency, instrumentality or other entity thereof exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"**Guarantor**" means C2C Industrial Properties Inc.

"**IA Intercreditor Agreement**" has the meaning set out in Section 14(u).

"**Income Tax Expense**" shall mean, with respect to any period, the aggregate of all taxes on the income of the Borrower and its Subsidiaries on a consolidated basis for such period, whether current or deferred (net of any tax credits which are applied against any income tax otherwise payable).

"**Industrial Alliance**" means Industrial Alliance Insurance and Financial Services Inc.

"**Landlord Certificates**" has the meaning set out in the Purchase Agreement.

"**Lending Value for the Mississauga Property**" shall be equal to the lesser of (i) 60% of appraised value of the Mississauga Property based on the most recent Appraisal provided prior to the Closing Date and (ii) the mortgageability amount calculated at the Closing Date and quarterly thereafter (beginning on March 31, 2012). Mortgageability amount is to be based on (a) 25 year amortization, (b) greater of 5.50% interest rate and the then current Government of Canada Rate (5-year) plus 3.0%, (c) rolling 4 quarter net operating income for the Mississauga Property less management fees (calculated based on greater of actual fees and 3.0% per annum) and capex reserve (calculated based on 1.5% per annum) and (d) a debt service coverage of 1.25 times.

"**Loan Documents**" means this agreement and all security instruments, agreements, documents and contracts made between any Obligor and the Bank or by any Obligor in favour of the Bank, including, without limitation, the intercreditor agreement made between the Bank, any Obligor and Industrial Alliance or the vendor of the Properties and any ancillary documentation relating to the Facility, including, without limitation, any pledges, hypothecs, guarantees, indemnities, acknowledgements, confirmations or undertakings made by any Person.

"**Loan to Value**" means the ratio of the aggregate Debt secured by or incurred in respect of the Term Properties to the value of the Term Properties as determined by the most recent Appraisal (which Appraisal shall be no more than one year old).

"**Management Agreements**" means the SPMI Property Management Agreement dated February 23, 2012 between the Borrower, the Term Nominee and Strathallen Property Management Inc. and the the SPMI Property Management Agreement dated February 24, 2012 between the Borrower and Strathallen Property Management Inc.

"**Material Adverse Effect**" means a material adverse effect on (i) the business, property, assets, liabilities, operations, condition (financial or otherwise), affairs or prospects of the Borrower or the Guarantor or any of the

Properties; or (ii) the ability of any Obligor to perform its obligations under, or the ability of the Bank to enforce any of its rights and remedies under, any of the Loan Documents.

"**Material Contract**" means any right, interest, agreement, arrangement or understanding entered into by any Obligor, whether written or oral, which relates to and materially affects the business, operations, assets or condition, financial or otherwise, of the Borrower, the Guarantor or any Property.

"**Mississauga Existing Mortgage**" means the charge/mortgage in favour of Strathallen Capital Corporation in the amount of $1,000,000 registered against title to the Mississauga Property as Instrument No. PR2144699

"**Mississauga Property**" means the lands described in Schedule "H" and all improvements to such lands and appurtenances to such lender.

"**Obligors**" means the Borrower, the Term Nominee and the Guarantor.

"**Permitted Debt**" means the following Debt:

(a) all indebtedness, liabilities and obligations due to the Bank;

(b) current accounts payable arising in the ordinary course of business from the purchase of goods and services;

(c) the First Mortgage, as it exists as at the date hereof;

(d) *bona fide* Debt in favour of arm's length, third party lenders or vendors financing any real property other than the Properties; and

(e) Capitalized Lease Obligations.

"**Permitted Encumbrances**" means:

(a) inchoate or statutory liens or trust claims for taxes, assessments and other governmental charges or levies which are not delinquent or the validity of which are currently being contested in good faith by appropriate proceedings, provided that there shall have been set aside a reserve to the extent required by GAAP in an amount which is reasonably adequate with respect thereto;

(b) the right reserved to, or vested in, any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant, or permit acquired by the Borrower or the Registered Owner, or by any statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or periodic payments as a condition of the continuance thereof;

(c) inchoate or statutory liens of contractors, subcontractors, mechanics, suppliers, materialmen and others in respect of construction, maintenance, repair or operation of assets or properties, or other like possessory liens and public utility liens provided the same are not registered as encumbrances against the title to any real or personal property of the Borrower or a Registered Owner or, if registered, being contested actively and diligently in good faith by appropriate and timely proceedings and all enforcement proceedings have been stayed;

(d) security given by the Borrower or a Registered Owner to a public utility or other municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of the Borrower or a Registered Owner in the ordinary course of business;

(e) title defects which are of a minor nature and in the aggregate will not materially impair the value or the use of property for the purposes for which it is held;

(f) the reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown;

(g) Security Interests granted pursuant to the First Mortgage in respect of the Term Properties and related Collateral;

(h) Security Interests granted to the Bank; and

(i) the encumbrances registered against title to the Properties as of the date hereof, except that the registrations on Schedule "K" shall not be permitted from and after the date of the first Borrowing.

"**Person**" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof, and any other incorporated or unincorporated entity.

"**Potential Prior Ranking Claims**" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim in favour of the Crown, a municipality or other governmental authority pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Bank's security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this agreement.

"**Properties**" means the Term Properties and the Mississauga Property and "**Property**" means one of the Properties.

"**Purchase Agreement**" means the purchase and sale agreement dated November 30, 2011 between, among others, Niagara QEW LP, Niagara Industrial Fund LP, Niagara GTA East LP and the Borrower, as amended by an amending agreement dated January 18, 2012 and a waiver and amending agreement dated January 27, 2012.

"**RBP**" and "**Royal Bank Prime**" each means the annual rate of interest announced by the Bank from time to time as being a reference rate then in effect for determining interest rates on commercial loans made in Canadian currency in Canada.

"**RBP Loans**" has the meaning set out in Section 4.

"**RBPAF**" means the annual rate announced by the Bank from time to time as a reference rate then in effect for determining fees on Canadian Dollar BAs.

"**Registered Owner**" means the Term Nominee in the case of the Term Properties and the Borrower in the case of the Mississauga Property.

"**Release**" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust, and when used as a noun has a similar meaning.

"**Required Estoppels**" has the meaning set out in the Purchase Agreement.

"**Security**" means the Term Security and the Demand Security.

"**Security Interest**" means any lien, charge, hypothec, assignment, mortgage, title retention or security interest.

"**Subsidiary**" means a body corporate which is a subsidiary of another body corporate within the meaning of that term as used in the *Business Corporations Act* (Ontario) as amended from time to time.

"**Tax**" and "**Taxes**" include all present and future income, corporation, capital gains, capital, value-added, goods and services taxes and other taxes, levies, imposts, stamp taxes, duties, charges to tax, fees, deductions, withholdings and all penalties, interest and other payments on or in respect thereof.

"**Term Facility**" has the meaning set out in Section 4.

"**Term Limit**" means the lesser of: (i) $6,300,000.00; and (ii) an amount such that the total amount outstanding of the Term Facility and First Mortgage at the Closing Date in aggregate do not exceed 78% of the appraised value of the Term Properties.

"**Term Nominee**" has the meaning set out in Section 14(b).

"**Term Obligations**" means the aggregate of the Borrowings under the Term Facility, all unpaid interest and fees in respect of the Term Facility as herein provided and all other outstanding indebtedness, liabilities and obligations (including, without limitation, under any indemnities), whether direct, indirect, liquidated, unliquidated, contingent, present, future or otherwise, of the Obligors to the Bank under the Term Facility pursuant to this Agreement, the Security or any other Loan Document and includes the face amount of each BA issued under the Term Facility.

"**Term Properties**" means the lands described in Schedule "G" and all improvements to such lands and appurtenances to such lands.

"**Term Security**" has the meaning set out in Section 14(b).

"**TSX**" means the TSX Venture Exchange Inc.

Schedule "B" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

Borrowing Conditions

Borrowings made otherwise than by way of RBP Loans will be subject to the following terms and conditions:

BAs:

(a) BAs shall be issued and mature on a Business Day for terms of not less than 30 and not more than 180 days and shall be issued in minimum face amounts of (i) $500,000 or such larger amount as is a whole multiple of $100,000 in the case of the Term Facility; and (ii) $50,000 or such larger amount as is a whole multiple of $10,000 in the case of the Demand Facility;

(b) the Bank may, in its sole discretion, refuse to accept the Borrower's drafts or limit the amount of any BA issue at any time;

(c) notwithstanding any other provision of this agreement, the Borrower shall indemnify the Bank against any loss, cost or expense incurred by the Bank if any BA is repaid, prepaid, converted or cancelled other than on the maturity date of such BA;

(d) any BA issued under a Facility must have a maturity on or before the maturity date of the Facility, unless otherwise agreed by the Bank;

(e) prior to the issue of any BA the Borrower shall execute the Bank's standard form of undertaking and agreement in respect of BAs. If there is any inconsistency at any time between the terms of this agreement and the terms of the Bank's standard form of undertaking and agreement, the terms of this agreement shall govern;

(f) upon maturity of a BA, the Borrower shall pay to the Bank an amount equal to the face amount of the maturing BA unless, prior to the maturity date of the BA, the Borrower shall have requested either a rollover of the BA or a conversion of the maturing Bankers' Acceptance into a RBP Loan in each case in accordance with Schedule "E";

(g) the Bank may from time to time hold, sell, rediscount or otherwise dispose of any or all BAs accepted and purchased by it;

(h) to facilitate the acceptance of BAs under this Agreement, the Borrower shall, upon execution of this Agreement, if so requested by the Bank, and from time to time as required, provide to the Bank BAs in such form as may be acceptable to the Bank duly executed and endorsed in blank by the Borrower, in quantities sufficient for the Bank to fulfil its obligations under this Agreement or, if so requested by the Bank, provide to the Bank a power of attorney in the Bank's form executed by the Borrower in favour of the Bank authorizing the Bank to execute drafts in the form attached thereto. If BAs have been provided to the Bank duly executed and endorsed in blank by the Borrower, the Bank is hereby authorized to issue BAs endorsed in blank in face amounts as may be determined by the Borrower provided that the aggregate amount thereof is equal to the aggregate amount of BAs required to be accepted by the Bank. The Bank shall not be responsible or liable for a failure to accept a BA as required under this Agreement if the cause of the failure is, in whole or in part, due to the failure of the Borrower to provide to the Bank on a timely basis a sufficient number of duly executed BAs or a duly executed power of attorney, as applicable, nor shall the Bank be liable for any damage, loss or other claim arising by reason of any loss or improper use of any BA except a loss or improper use arising by reason of the gross negligence or wilful misconduct of the Bank, or its employees or agents;

(i) drafts drawn by the Borrower to be accepted as BAs shall be signed by a duly authorized officer or officers of the Borrower or by its attorneys. Notwithstanding that any Person whose signature appears on any BA may no longer be an authorized signatory for the Borrower at the time of issuance of a BA, that signature shall nevertheless be valid and sufficient for all purposes as if the authority had remained in force at the time of issuance and any BA so signed shall be binding on the Borrower;

(j) the Borrower waives presentment for payment and any other defence to payment of any amounts due to the Bank in respect of a BA accepted and purchased by it pursuant to this Agreement which might exist solely by reason of the BA being held, at the maturity thereof, by the Bank in its own right and the Borrower agrees not to claim any days of grace if the Bank as holder sues the Borrower on the BA for payment of the amount payable by the Borrower thereunder;

(k) if the Bank determines, which determination is final, conclusive and binding upon the Borrower, that, by reason of circumstances affecting the money market there is no market for BAs or the demand for BAs is insufficient to allow the sale or trading of the BAs created hereunder, then the Bank shall promptly notify the Borrower of such determination and the Borrower shall notify the Bank as to the basis of Borrowing it has selected in substitution for Borrowing by way of BAs. If the Borrower does not so notify the Bank, any existing BA will automatically be converted into a RBP Loan on the maturity of such BA; and

(l) at the option of the Borrower and the Bank, BAs under this Agreement to be accepted by the Bank may be issued in the form of depository bills for deposit with The Canadian Depository for Securities Limited pursuant to the *Depository Bills and Notes Act* (Canada).

Schedule "C" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

Compliance Certificate

I, ______________________________, the **[insert title]** of ● (the "**Borrower**") hereby certify, on behalf of the Borrower and without personal liability, as of [**insert last day of fiscal quarter/fiscal year, as applicable [●] [for the closing]**]:

1. I am familiar with and have examined the provisions of the letter agreement (the "**Agreement**") dated February , 2012, between, among others, the Borrower C2C and Royal Bank of Canada (the "**Bank**"), as the Bank, and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Obligors. Terms defined in the Agreement have the same meanings when used in this certificate.

2. The representations and warranties contained in the Agreement are true and correct.

3. No event or circumstance has occurred which constitutes or which, with the giving of notice, lapse of time, or both, would constitute an Event of Default under a breach of any covenant or other term or condition of the Agreement or any other agreement, instrument or document made between any Obligors and the Bank or by any Obligors in favour of the Bank and all security agreements, agreements, instruments and documents delivered in connection therewith or herewith and there is no reason to believe that during the next fiscal quarter of the Obligors, any such event or circumstance will occur.

4. The Lending Value for the Mississauga Property is ______________.

5. The Debt Service Coverage Ratio is __________________.

6. The Loan to Value ratio of the Term Properties is __________________. **[NTD: Loan to Value to be certified on the Closing Date and annually after the losing Date.]**

7. The minimum tangible net worth of the Guarantor is __________________ and since the Closing Date, the Guarantor has made equity issuances (for greater certainty, including the AIM Placement) in an aggregate amount of ____________________.

8. The Debt to adjusted gross book value of assets (on a consolidated basis) of the Guarantor is ____________________.

9. Attached hereto are calculations evidencing items 4, 5, 6, 7 and 8.

Dated this day of , .

●

Per: ______________________________
Name:
Title:

●

Per: ______________________________
Name:
Title:

Schedule "D" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

BORROWING NOTICE

Royal Bank of Canada
180 Wellington Street West, 10th Floor
Toronto, ON M5J 1J1
Fax: (416) 974-8119

Dear Sir/Madam:

Re: NOTICE OF BORROWING/CONVERSION NOTICE/ROLLOVER NOTICE

We request that the undernoted transactions be initiated on our behalf in accordance with the terms and conditions of the letter agreement dated February , 2012 between ● and Royal Bank of Canada and amendments thereto (the "**Credit Agreement**"). Capitalized terms used but not defined herein have the meanings provided thereto in the Credit Agreement.

Book New Prime Rate Loan	Can$	Effective Date:	Applicable Facility:
Book New Bankers' Acceptance	Can$	Effective Date: Contract Period:	Applicable Facility:
Convert existing: (check one) Bankers' Acceptance: Prime Rate Loan: To Bankers' Acceptance: Prime Rate Loan:	Can$	Effective Date: Contract Period (if applicable):	Applicable Facility:
Rollover Bankers' Acceptance Maturing: [Insert Date]	Can$	Effective date: Contract Period:	Applicable Facility:

CONFIRMATIONS:

The undersigned confirms that as of the date of this notice:

(a) the representations and warranties contained in the Credit Agreement are true in all material respects and will be true in all material respects on and as of the applicable effective date(s) noted above (each a "**Borrowing Date**") with the same effect as if such representations and warranties had been made on and as of the date of this Borrowing Notice or on and as the applicable Borrowing Date, as the case may be (except where expressed to be given only as of a specified date, and except for such qualifications to such representations and warranties which have been both disclosed to the Bank in writing after the Closing Date and accepted by the Bank in writing);

(b) no Default or Event of Default has occurred and is continuing or will result from the Borrowing requested in this Borrowing Notice; and

(c) all of the other conditions precedent to the Borrowing requested in this Borrowing Notice, as specified in the Credit Agreement, have been satisfied.

Yours truly,

●

Per: ______________________________ Date: ______________
Name:
Title:

Schedule "E" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada..

CONVERSIONS AND ROLLOVERS

The Borrower may convert in whole or in part a Borrowing which is a BA or a Prime Rate Loan into a BA or an RBP Loan, as the case may be, provided that:

(a) the Borrower delivers to the Bank a Conversion Notice for the type of Borrowing into which the Borrower wishes to convert;

(b) after the Conversion, the Borrower will remain in compliance with the Demand Limit and the Term Limit ; and

(c) no Default or Event of Default has occurred and is continuing.

Each Conversion Notice shall specify, with respect to the outstanding loans to which such Conversion Notice applies, the new type of Borrowing selected and the Conversion Date.

Until termination or expiration of the Term Facility or Demand Facility , a maturing BA may be renewed by the Borrower requesting the replacement in whole or in part of a maturing BA with another BA of an identical face amount by delivery of a Conversion Notice, provided no Default or Event of Default has occurred and is continuing.

Each Conversion Notice shall be irrevocable and binding upon the Borrower.

Schedule "F" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

MATERIAL CONTRACTS

PROPERTY	**PROVIDER**	**SERVICE**
5900 Finch Avenue East, Toronto	New Found Air HVAC Service	HVAC
	Terrace Landscaping	Snow Removal
	LVS Systems	Monitoring System
55 Horner Avenue, Toronto	Turtle Island Recycling	Waste Removal
	Turf Lawn	Snow Removal
	LVS Inc.	Security Monitoring Service
	PCO Services	Pest Control
135 East Beaver Creek, Richmond Hill	Terrace Landscaping Ltd.	Snow Removal
	Plan Group	HVAC Contract
	LVS Security Systems	Monitoring Systems
	Turtle Island Recycling	Waste/Recycling
2360 Cornwall Road, Oakville	Sonitrol of South Central Ontario	Fire System Monitoring
	Clintar Landscaping	Snow Removal

Schedule "G" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

TERM PROPERTIES

2360 Cornwall Road, Oakville, Ontario
PIN 24784-0482(LT) PT LT 2, CON 3 SDS, PTS 3 & 4, 20R12212; S/T EASE 72224 OVER PT 4, 20R12212; S/T EASE H670116 OVER PTS 1, 2, 3, 20R12322; OAKVILLE

55 Horner Avenue, Toronto, Ontario
PIN 07601-0211 (LT) LOTS 1 TO 6, INCLUSIVE, 144 TO 157 INCLUSIVE, PT OF LOTS 143 AND 158, PLAN 1006, PART OF MEADOWSWEET AVENUE, PLAN 1006 (CLOSED BY EB358391);PART OF BISMARCK ROAD, PLAN 1006 (CLOSED BY EB350140); AND PART OF ONE FOOT RESERVE ABUTTING THE WESTERLY LIMIT OF BISMARCK ROAD, PLAN 1006; AND PT OF LOTS 16 AND 30, PLAN 339 OR 389, DESIGNATED AS PT 1, 4 AND 5 PLAN 66R-22989; T/W EASEMENT OVER PT 3 PLAN 66R-22989 AS IN AT1427011; T/W EASEMENT OVER PTS 6, 10 AND 11 PLAN 66R22989 AS IN AT1427011; S/T EASEMENT OVER PTS 4 AND 5 PLAN 66R-22989 IN FAVOUR OF PTS 2, 3 AND 6 TO 13 INCLUSIVE PLAN 66R-22989 AS IN AT1427011. CITY OF TORONTO (FORMERLY CITY OF ETOBICOKE)

5900 Finch Avenue East, Toronto, Ontario
PIN 06053-3729 (LT) PART OF LOT 14 CON. 4 DESIGNATED AS PARTS 6,7,8 & 10 ON PLAN 66R22930; S/T EASEMENT OVER PART 7 ON PLAN 66R22930 AS IN C818676; T/W EASEMENT OVER PART OF LOT 14 CON. 4 DESIGNATED AS PARTS 2,9 & 12 ON PLAN 66R22930 AS IN AT1385186; T/W EASEMENT OVER PART OF LOT 14 CON. 4 DESIGNATED AS PART 12 ON PLAN 66R22930 AS IN AT1385218, CITY OF TORONTO.

135 East Beaver Creek, Richmond Hill, Ontario
PIN 03125-0100 (LT) PCL 67-2, SEC 65M2104 ; LT 72, PL 65M2104 ; PT LT 71, PL 65M2104 , PART 4 , 65R7974 ; S/T PT LT 71, PL 65M2104, PT 7, 65R8187 IN FAVOUR OF LT 70 & PT LTS 69 & 71, 65M2104, PT 3, 65R7974 AS IN LT1177944; T/T PT LT 71, PL 65M2104, PT 6, 65R8187 AS IN LT1177944. RICHMOND HILL.(AMENDED 97/12/29 AT 16:25. S. HOULAHAN)

Schedule "H" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

MISSISSAUGA PROPERTY

1300 Fewster Drive, Mississauga, Ontario

PIN 13304-0082 (LT) PT LT 6 CON 2 NDS TORONTO AS IN RO865111; CITY OF MISSISSAUGA

Schedule "I" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

OBLIGOR DISCLOSURE

The Guarantor was incorporated under the laws of the Province of Ontario by articles of incorporation dated July 30, 2008 with the name Sargasso Capital Corporation. The Guarantor changed its name to "C2C Industrial Properties Inc." by articles of amendment dated May 16, 2011.

Schedule "J" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

OAKVILLE SITE PLAN DEFICIENCIES

OAKVILLE

Fax and Mail

December 20, 2011

Gardiner Roberts LLP
Scotia Plaza, 40 king Street West Suite 3100
Toronto, ON M5H 3Y2

Attention : Lois Stapleton

RE: 2360 Cornwall Road
Oakville, ON

Site Plan securities for 2360 Cornwall Road remain and a deficiency list is attached below. Without having completed a recent inspection Development Engineering can't advise if adequate securities remain and the securities remain in force until all such obligations have been met.

With regards to easements please contact Hilary McKenzie at 905-845-6601. An additional fee may apply.

Please see attached page.

Yours truly,

Chris Prinsen
Finance Clerk
Ph. 905-338-4196
cprinsen@oakville.ca

Corporation of The Town of Oakville - Planning Services Department

SITE PLAN INSPECTION DEFICIENCY FORM

FIRST INSPECTION

Inspection date December 4, 2006

Giffels Associates Ltd. – 2360 Cornwall Road -- Our File: SP 1602.011/01

1.0		**The Development Engineering Inspector, Development Services Department (Pedro Totesau, tel. 905-845-6601 ext. 3169), has noted the following deficiencies:**
	1.1	As built drawings including as constructed elevations of pertinent SWM data (orifice plates, structures within the SWM facility) and access driveways are to be submitted to the Oakville Planning Services Department for review.
	1.2	A letter report is to be submitted to the Oakville Planning Services Department by the Owner's Consulting Engineer certifying that stormwater management works as proposed have been installed and implemented in accordance with the original report as accepted by the Town. If there are any significant changes to the original SWM report and concept, said changes are to be addressed in detail via a revised report.
	1.3	The roadside ditch in front of the property is to be cleaned and re-graded to provide positive flow, all to the satisfaction of Road Corridor personnel.
	1.4	The 2x8 markers at the street line are to be removed offsite.
	1.5	Handicapped parking stalls are to be both labelled and signed
	1.6	The hole in the boulevard east of the westerly driveway is to be filled and the disturbed area restored with topsoil and sod
	1.7	The debris and remnants of concrete wash encroaching within the easement at the east property line are to be cleaned up immediately and the area restored.
	1.8	The damaged driveway curb at the west access driveway is to be removed and replaced.
	1.9	Some of the manhole structures appeared to be deficient for access. Additional steps should be added in accordance with Provincial standards.
	1.10	SWM facility No. 1 did not appear to be functioning as intended at the time of inspection. The facility was inundated with stormwater which had frozen at an elevation higher than that of the existing grate. Additionally structures contributory to the facility immediately upstream of the outlet pipe were full of runoff such that the obvert of the storm sewer was not visible. It is recommended that the Consulting Engineer investigate the foregoing via inspection of the facilities such that any required remedial and/or maintenance works can be completed prior to certification of the works
	1.11	NOTE: The Owner is reminded that the property is located in an area of close proximity to a regulated watercourse, thus the discharge of concrete wash at the east property line is to be discontinued immediately
	1.12	All works within the public right-of-way are to be to the satisfaction of Road Corridor personnel (Bob DeHoog extension 3337).
2.0		**The Urban Designer, Planning Services Department (Philip Wiersma, (tel. 905-845-6601 ext. 3795) has noted the following deficiencies:**
	2.1	Garbage and construction debris located at South East corner of site along property line shall be cleaned up.
	2.2	Barrier free parking stalls shall have signage as per the Town of Oakville specifications.
3.0		**The Roads & Corridors Inspector, Construction & Engineering Department (Bob de Hoog, tel. 905-845-6601 ext. 3337) has noted the following deficiencies:**
	3.1	The boulders on the road allowance are to be removed.

Schedule "K" to the agreement dated February 24, 2012 between, among others, C2C Industrial Properties Ltd., C2C Industrial Properties Inc. and Royal Bank of Canada.

ENCUMBRANCES TO BE DISCHARGED

The Mississauga Existing Mortgage.