AMENDED AND RESTATED LOAN AGREEMENT

THE ROYALE LP,
as Borrower

- and -

SIENNA SENIOR LIVING INC.,
as Parent Guarantor

- and -

BMO CAPITAL MARKETS,
as Lead Arranger

- and -

BANK OF MONTREAL,
as Administrative Agent

- and -

THE FINANCIAL INSTITUTIONS NAMED IN SCHEDULE A,
as Lenders

Made as of January 18, 2017

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AMENDED AND RESTATED LOAN AGREEMENT

MEMORANDUM OF AGREEMENT made as of the 18th day of January, 2017.

B E T W E E N:

THE ROYALE LP,
a limited partnership existing under the laws of Ontario,

(hereinafter referred to as the "**Borrower**"),

- and -

SIENNA SENIOR LIVING INC.,
a corporation existing under the laws of British Columbia,

(hereinafter referred to as the "**Parent Guarantor**"),

- and -

BANK OF MONTREAL,
a Canadian chartered bank, as Administrative Agent,

(hereinafter referred to as the "**Administrative Agent**"),

- and -

THE FINANCIAL INSTITUTIONS,
named in Schedule A, as Lenders,

WHEREAS the Lenders have made a revolving credit facility available to the Borrower pursuant to a Loan Agreement made as of the 27th day of April, 2011 among the Borrower, the Parent Guarantor, the Administrative Agent and the Lenders, as amended by amendment agreement no. 1 made as of August 24, 2011, amending agreement no. 2 made as of June 29, 2012, amending agreement no. 3 made as of September 30, 2012, amending agreement no. 4 made as of April 30, 2013, amending agreement no. 5 made as of July 22, 2013, amending agreement no. 6 made as of September 24, 2013 and amending agreement no. 7 made as of March 31, 2015 (as amended, the "**Original Loan Agreement**");

AND WHEREAS the Borrower has requested the Lenders to increase the aggregate maximum principal amount of the credit facility to $105,000,000, to provide a letter of credit facility, to extend the Maturity Date and to amend certain other provisions of the Original

Loan Agreement and the Lenders have agreed to such amendments upon and subject to the terms and conditions hereinafter set forth;

AND WHEREAS the General Partner (as defined below) is the sole general partner of the Borrower;

AND WHEREAS the Parent Guarantor owns all of the issued and outstanding shares of the General Partner and all of the units of the Borrower (other than those owned by the General Partner);

AND WHEREAS the Administrative Agent has agreed to act as agent on behalf of the Lenders with regard to certain matters associated with the Facility;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, the covenants herein contained and other valuable consideration, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement:

"**Acceptable Appraisal**" means a "market value" appraisal of a Property prepared in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada and conducted in accordance with the standards of the Appraisal Institute of Canada by an Independent Appraiser, which is approved by the Administrative Agent in form, substance and date, acting reasonably and which is addressed to the Administrative Agent;

"**Acceptance Fee**" means, with respect to each Bankers' Acceptance drawn by the Borrower hereunder, an amount equal to the Face Amount of each such Bankers' Acceptance purchased by the Lenders on the relevant Drawdown Date, Rollover Date or Conversion Date multiplied by the Applicable BA Stamping Fee (stated as a percentage), multiplying the product so obtained by a fraction (i) the numerator of which is the number of days in the term to maturity of such Bankers' Acceptance and (ii) the denominator of which is 365 days (or 366 days in the case of a Bankers' Acceptance which matures in a leap year);

"**Additional Compensation**" has the meaning specified in Section 5.1;

"**Adjusted Net Operating Income**" means, with respect to any Property and for a given period, the sum of the following (without duplication):

(i) rents, expense recoveries, and other revenues received in the ordinary course from the leasing or operating of such Property (including proceeds of rent loss insurance but excluding prepaid rents and revenues and security deposits except to the extent applied in satisfaction of tenants' obligations for rent) determined in accordance with GAAP; minus

(ii) all expenses paid or accrued related to the ownership, operation or maintenance of such Property, including but not limited to Taxes (other than Taxes comprised of income and corporation taxes), assessments and other similar charges, insurance, utilities, payroll costs, maintenance, repair and landscaping expenses and on site marketing expenses, but in any event excluding amortization and depreciation, and general and administrative expenses, determined in accordance with GAAP; minus

(iii) the greater of:

(A) actual management fees paid; and

(B) a 3.0% management allowance (based on gross revenues) for a normalized management fee; minus

(iv) the greater of:

(A) actual structural expense paid; and

(B) a 1.0% structural allowance (based on gross revenues).

For certainty, paragraphs (i), (ii), (iii) and (iv) of this definition of Adjusted Net Operating Income shall exclude any extraordinary or non-recurring expenses or income, any payments on account of interest, fees and amortization of principal in respect of any Debt and cash reserves. Adjusted Net Operating Income for the period commencing October 1, 2016 and ending September 30, 2017 shall be calculated on an annualized year-to-date basis based on actual results reflecting seasonal normalization of expenses as approved by the Lenders for the previous rolling four fiscal quarters for each of the Properties;

"**Administrative Agent**" means BMO when acting in its capacity as administrative agent hereunder but not in its capacity as a Lender, and including any successor Administrative Agent appointed pursuant hereto;

"**Advance**" means a Prime Rate Advance (including pursuant to a Swingline Advance) or a Bankers' Acceptance Advance or the issue of a Letter of Credit and "**Advances**" means all of them;

"**Affiliate**" means an affiliated body corporate, partnership, joint venture or other entity and, for the purposes of this Agreement, (i) one body corporate, partnership, joint venture or other entity is affiliated with another if one such body corporate, partnership, joint venture or other entity is the Subsidiary of the other or both are Subsidiaries of the same body corporate, partnership, joint venture or other entity or each of them is, directly or indirectly, controlled by the same Person and (ii) if two bodies corporate, partnerships, joint ventures or other entities are affiliated with the same body corporate, partnership, joint venture or other entity at the same time, they are deemed to be affiliated with each other;

"**Aggregate Outstanding Amount**" means, at any time, the aggregate amount of all Advances outstanding under the Facility. In determining the Aggregate Outstanding Amount under the Facility, the aggregate amount thereof shall be determined on the basis of the aggregate (without duplication) of (i) aggregate principal amount of all advances of Prime Rate Advances, (ii) the aggregate face amount of all issued and outstanding Bankers' Acceptances, (iii) the aggregate principal amount of all BA Equivalent Advances, (iv) the aggregate principal amount of all Swingline Advances, and (v) the aggregate Letter of Credit Exposure;

"**Agreement**" means this agreement and all Schedules attached hereto as the same may be amended, restated, replaced or superseded from time to time;

"**Applicable BA Stamping Fee**" means 1.75% *per annum*;

"**Applicable Law**" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, orders, by-laws, codes, treaties, conventions, judgments, awards, determinations, ordinances, directives, standards, policies and decrees of any governmental, regulatory, fiscal, monetary or court of competent jurisdiction in any applicable jurisdiction;

"**Applicable Margin**" shall means 0.75% *per annum*;

"**Appraised Value**" means the fair market value of the relevant Property as set forth in the most recent Acceptable Appraisal in respect of such Property calculated (or, where applicable, allocated, estimated or adjusted) to the satisfaction of the Administrative Agent in respect of the relevant Property (which, for the purposes of this calculation, shall exclude any value attributable to excess lands or development potential of such Property as determined by the Independent Appraiser or the Administrative Agent), such Appraised Value for each of the Properties as of the Closing Date being shown in the Borrowing Base Certificate to be delivered pursuant to Section 6.1(h);

"**Arm's Length**" has the meaning ascribed thereto for the purposes of the *Income Tax Act* (Canada) in effect as of the date hereof;

"**Assignee**" has the meaning specified in Section 15.9(a);

"**Assignment Agreement**" means an agreement substantially in the form of Schedule B;

[REDACTED - commercially sensitive information]

[redacted], [redacted];

"**Available Credit**" means the lesser of the aggregate Commitments of the Lenders and the Borrowing Base;

"**BA Equivalent Advance**" means a loan made by a Lender that cannot or does not as a matter of policy issue BAs to the Borrower in Canadian Dollars on which interest is payable at the BA Equivalent Rate;

"**BA Equivalent Rate**" means, for each Interest Period for each BA Equivalent Advance, a rate of interest per annum equal to the sum of the Applicable BA Stamping Fee (stated as a percentage) and the Non-Schedule I Reference Discount Rate on the first day of such Interest Period;

"**BA Purchase Price**" means, in the case of a Bankers' Acceptance to be purchased by a Lender which is a Schedule I Canadian chartered bank, the difference between (i) the result obtained by dividing the Face Amount of such Bankers' Acceptance by the sum of one plus the product (rounded up or down to the fifth decimal place with 0.00005 being rounded up) of (x) the BA Reference Discount Rate multiplied by (y) a fraction, the numerator of which is the number of days in the term to maturity of such Bankers' Acceptance, and the denominator of which is 365 and (ii) the Acceptance Fee and means, in the case of a Bankers' Acceptance to be purchased by a Lender which is not a Schedule I Canadian chartered bank, the difference between (i) the result obtained by dividing the Face Amount of such Bankers' Acceptance by the sum of one plus the product (rounded up or down to the fifth decimal place with 0.00005 being rounded up) of (x) the Non-Schedule I Reference Discount Rate multiplied by (y) a fraction, the numerator of which is the number of days in the term to maturity of such Bankers' Acceptance, and the denominator of which is 365 and (ii) the Acceptance Fee;

"**BA Reference Discount Rate**" means, in respect of Bankers' Acceptances to be purchased by Lenders which are Schedule I Canadian chartered banks, CDOR on the relevant Drawdown Date, Conversion Date or Rollover Date;

"**Bank Product**" means (i) any credit card facility and Cash Management Services which the Administrative Agent, a Lender or any of their respective Affiliates may extend from time to time to the Borrower and/or any other Obligor; and (ii) any of the following products, services or facilities extended from time to time to the Borrower or any other Obligor by a Lender or any of its Affiliates provided a prior written notice of such other products, services or facilities is sent to the Administrative Agent: (a) commercial credit card and merchant card services; and (b) other banking products or services as may be requested by any Royale Group Member;

"**Bankers' Acceptance**" or "**BA**" means a bill of exchange, draft or a blank non-interest bearing depository bill in Canadian Dollars (as defined in the *Depository Bills and Notes Act* (Canada)) drawn by or on behalf of the Borrower and accepted by a Lender in accordance with Article 3, in respect of which the Borrower becomes obligated to pay the Face Amount thereof to the holder (which may be a third party or such Lender) upon maturity, and where the context permits, includes BA Equivalent Advances;

"**Bankers' Acceptance Advance**" means the advance of funds to the Borrower by way of creation and issuance of Bankers' Acceptances or by way of a BA Equivalent Advance, in each case in accordance with the provisions of Article 3;

"**Banking Day**" means a day, other than a Saturday or a Sunday or other day on which banks are required or authorized to close in Toronto, Canada;

"**BMO**" means Bank of Montreal, a Canadian Schedule I chartered bank, and any successor;

"**Borrower's Security Documents**" has the meaning specified in Section 8.1;

"**Borrowing Base**" means, at any time, the aggregate of the Lending Values of the Properties;

"**Borrowing Base Certificate**" means a certificate substantially in the form attached as Schedule 6.1(h), signed by any one of the President or the Chief Financial Officer of the Borrower or such other senior financial officer of the Borrower approved by the Administrative Agent;

"**Business**" means the ownership and operation of long-term care facilities, retirement homes, independent living properties, home health care services and related businesses;

"**Canadian Dollars**", "**Cdn. $**" and "**$**" mean the lawful currency of Canada in immediately available funds;

"**Canadian Employee Plan**" means any payroll practice and other employee benefit plan, policy, program, agreement or arrangement, including retirement, pension, profit sharing, collective bargaining agreement, bonus or other incentive compensation, retention, stock purchase, equity or equity-based compensation, deferred compensation, change of control, severance, sick leave, vacation, loans, salary continuation, hospitalization, health, life insurance, educational assistance, Canadian Pension Plan, Canadian Multi-Employer Plan or other fringe benefit or perquisite plan, policy, agreement which is or was sponsored, administered, maintained or contributed to by, or required to be contributed to by, the Borrower, the Parent Guarantor and their Subsidiaries, or with respect to which the Borrower, the Parent Guarantor or their Subsidiaries has or could have any obligation or liability, contingent or otherwise in respect of its Canadian employees or former employees and their dependants and beneficiaries;

"**Canadian Multi-Employer Plan**" means a "multi-employer plan", within the meaning of the regulations under the *Income Tax Act* (Canada);

"**Canadian Pension Plan**" means a "**registered pension plan**" as defined in the *Income Tax Act* (Canada) and any other pension plan maintained or contributed to by, or to which there is or may be an obligation to contribute by, any of the Borrower, the Parent Guarantor or their Subsidiaries in respect of its Canadian employees or former employees and their dependants and beneficiaries, including, a Canadian Multi-Employer Plan;

"**Capital Lease Obligations**" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP;

"**Cash Management Services**" means any services provided by the Administrative Agent, a Lender or any or their Affiliates in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automatic clearinghouse, controlled disbursements, depository, electronic funds transfer, information reporting, lockbox, stop payment, overdraft and/or wire transfer services;

"**CDOR**" means, for any day and relative to Bankers' Acceptances or BA Equivalent Advances, the greater of (i) the stated average of the annual rates expressed as a percentage that appears on the Reuters Screen CDOR page as of 10:00 a.m. (Toronto time) on such day (or, if such day is not a Banking Day, as of 10:00 a.m. on the next preceding Banking Day) for bankers' acceptances issued on that day for a term equal or comparable to the term of such Bankers' Acceptances or BA Equivalent Advances, provided that, if such rate does not appear on the Reuters Screen CDOR page at such time on such day, CDOR for such day will be the discount rate expressed as a percentage (calculated on an annual basis and rounded upward or downward, if necessary, to the nearest whole multiple of 1/100 of 1%, with 5/1,000 of 1% being rounded up) as of 10:00 a.m. on such day at which the Administrative Agent is then offering to purchase bankers' acceptances accepted by it having an aggregate face amount equal to the aggregate face amount of, and with a term equal or comparable to the term of, such Bankers' Acceptances or BA Equivalent Advances, and (ii) zero (0%) percent;

"**Change in Law**" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Applicable Laws, (b) any change in any Applicable Laws or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any Applicable Laws by any Governmental Authority, or (d) compliance by any Lender with any direction, request or requirement (whether or not having the force of law) of any governmental or other authority or entity charged with the administration of any Applicable Law; provided that notwithstanding anything herein to the contrary, (x) the Dodd Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank of International Settlements, the

Basel Committee on Banking Supervision (or any successor or similar authority) or the Canadian or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued;

"**Change of Control**" means (a) any Person or one or more Persons acting jointly or in concert shall (i) acquire or otherwise become possessed of beneficial ownership (whether directly or indirectly and by whatever means) of more than 50% of the voting shares or Equity Securities of the Parent Guarantor or all or substantially all of the assets of the Parent Guarantor, or (ii) succeed in having a sufficient number of nominees elected to the board of directors of the Parent Guarantor such that such nominees, when added to any existing director remaining on the board of directors of the Parent Guarantor after such election who is a nominee of such Person, will constitute a majority of the board of directors of the Parent Guarantor; (b) any Person or one or more Persons acting jointly or in concert (other than the Parent Guarantor or the General Partner (in the case of the Borrower)) shall acquire or otherwise become possessed of beneficial ownership (whether directly or indirectly and by whatever means) of any shares of the General Partner or any units of the Borrower or all or substantially all of the assets of the Borrower or the General Partner or (c) any Person other than the General Partner becomes a general partner of the Borrower;

"**Charged Property**" means any property charged or in which a security interest is granted pursuant to the Security Documents including without limitation the Properties;

"**Claims**" has the meaning specified in Section 14.4(a);

"**Closing Date**" means January 18, 2017 or such later date as may be agreed to by the Administrative Agent (with the consent of the Majority of the Lenders);

"**Commitment**" means the commitment of each Lender to loan to the Borrower a portion of the aggregate amount of the Facility in the amount set opposite its name in Schedule A, as the same may be adjusted in accordance with Section 15.9. For the avoidance of doubt, the Swingline Credit Limit is a sub-limit of, and forms part of the Commitments and is not in addition to the Commitments;

"**Compliance Certificate**" means the certificate required pursuant to Section 6.1(k) or 10.1(a)(iii), substantially in the form attached as Schedule C, signed by any one of the President or the Chief Financial Officer of both the Borrower and the Parent Guarantor or such other senior financial officer of both the Borrower and the Parent Guarantor approved by the Administrative Agent;

"**Construction Lien Legislation**" means the *Repairers Lien Act* (British Columbia), the *Builders Lien Act* (British Columbia), the *Construction Lien Act* (Ontario) or any equivalent provincial legislation;

"**Contracts**" means contracts, licences, leases, agreements, commitments, entitlements or engagements to which the Borrower, the Parent Guarantor or any of its Subsidiaries is a party or by which any of them are bound or under which the Borrower, the Parent Guarantor or any of its Subsidiaries has, or will have, any liability or contingent liability, and warranties or guarantees (express or implied), but excluding any Permits;

"**Control**" and its derivatives means, with respect to control of a corporation by a Person, the holding (other than by way of security permitted or contemplated by the Loan Documents) by or for the benefit of that Person, or affiliates of that Person or others with whom that Person does not deal at Arm's Length of securities of such corporation or the right to vote or direct the voting of securities of such corporation to which, in the aggregate, are attached more than 50% of the votes that may be cast to elect directors of the corporation, provided that the votes attached to those securities are sufficient, if exercised, to elect or remove a majority of the directors of the corporation and means, with respect to control of a Person other than a corporation, the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, and whether through the ownership or control of voting securities, voting rights, contract or otherwise;

"**Conversion**" means the conversion of one type of Advance into another type of Advance pursuant to Section 2.10;

"**Conversion Date**" means, in relation to any Advance, the date, which shall be a Banking Day, on which the Conversion of such Advance is made by the Borrower pursuant to a Conversion Notice;

"**Conversion Notice**" means a notice substantially in the form set out in Schedule D;

"**Counsel to the Borrower**" means Goodmans LLP, Toronto, Ontario or such other firm of Canadian legal counsel as the Borrower may from time to time designate with the approval of the Administrative Agent, such approval not to be unreasonably withheld;

"**Debt**" of any Person means a liability of such Person which, in accordance with GAAP, would be classified as indebtedness of such Person, including, without limitation or duplication, any liability of such Person, for or in respect of:

(i) all debt of such Person and any obligation for money borrowed or raised (other than by way of the issue of equity) and premiums (if any) and capitalized interest (if any) in respect thereof;

(ii) the principal, capitalized interest (if any) and premiums (if any) in respect of any debenture, bond, note, loan stock or similar instrument;

(iii) liabilities in respect of any letter of credit (whether assumed by way of guarantee, counter-indemnity or otherwise), acceptance, bill discounting or note purchase facility and any receivables purchase, factoring or discounting arrangement which carries recourse to such Person;

(iv) all Capital Lease Obligations and debt related to Purchase Money Obligations;

(v) the negative or "out of the money" marked-to-market value of any liabilities in respect of any Hedging Transaction and other similar off-balance sheet liabilities after giving effect to any netting arrangements permitted under the applicable Hedging Agreement;

(vi) liabilities of any such Person in respect of any Securitization Transaction;

(vii) any other transaction having the commercial effect of (i) a financial borrowing or (ii) any other raising of money (other than by or in respect of the issue of Equity Securities), in each case entered into by such Person to finance its operations or capital requirements;

(viii) the aggregate amount at which any Equity Securities of such Person which are redeemable or retractable at the option of the holder may be retracted or redeemed for cash or Debt provided all conditions precedent for such retraction or redemption have been satisfied; and

(ix) all Debt Guaranteed;

for greater certainty, trade payables, customer deposits and accrued liabilities (including Taxes payable) which are liabilities incurred in the ordinary course of business that are not expressly referred to in (i) to (ix) above shall not constitute "**Debt**";

"**Debt Guaranteed**" by any Person means all Debt of the kinds referred to in the definition of Debt which is, directly or indirectly, guaranteed (except by way of endorsement of a negotiable instrument made in the ordinary course of such Person's business) by such Person or which such Person has agreed (contingently or otherwise) to purchase or otherwise acquire or in respect of which such Person has otherwise assured a creditor against loss;

"**Debt Service**" means, with respect to the Parent Guarantor for any period and on a consolidated basis, the sum of (without duplication) (i) Interest Expense; (ii) all debt repayments actually paid by the Parent Guarantor during such period, other than any balloon, bullet or similar principal payment which repays such indebtedness in full; (iii) all rental payments on Capital Lease Obligations during such period; and (iv) all other payments made in respect of any preferred securities that are treated as debt in accordance with GAAP by the Parent Guarantor and its Subsidiaries during such period, excluding any interest expense of the Parent Guarantor in respect of such preferred securities that is paid in common shares of the Parent Guarantor;

"**Debt Service Coverage Ratio**" means, with respect to the Parent Guarantor on a consolidated basis, the ratio of (i) EBITDA for the most recently completed four fiscal quarters less cash income taxes and maintenance capital expenditures, to (ii) Debt Service for the same period;

"**Default**" means an event which, with the giving of notice or the passage of time or the making of any determination or any combination thereof as provided for herein, could become an Event of Default;

"**Disposition**" means with respect to any asset of any Person, any direct or indirect sale, lease (where such Person is the lessor of such asset), assignment, cession, transfer (including any transfer of title or possession), exchange, conveyance, release or gift of such asset, including by means of a Securitization Transaction, or any reorganization, consolidation, amalgamation or merger of such Person pursuant to which such asset becomes the property of any other Person; and "**Dispose**" and "**Disposed**" have meanings correlative thereto;

"**Drawdown**" means a drawdown of an Advance;

"**Drawdown Date**" means, in relation to any Advance, the date, which shall be a Banking Day, on which the Drawdown of such Advance is made by the Borrower pursuant to a Drawdown Notice;

"**Drawdown Notice**" means a notice substantially in the form set out in Schedule E;

"**Easement Agreement**" means the easement/encroachment agreement between The Corporation of the City of Kingston and The Royalton GP Inc. registered on January 15, 2010 as Instrument No. FR780827 as it exists on the Closing Date;

"**EBITDA**" means, for any period and without duplication, Net Income of the Parent Guarantor (a) increased by the sum of, without duplication, (i) Interest Expenses, (ii) the Parent Guarantor's consolidated income tax expenses for such period, (iii) the Parent Guarantor's consolidated depreciation, amortization and other like expenses not involving or requiring an outlay of cash for such period, (iv) the Parent Guarantor's consolidated losses incurred in connection with any Disposition permitted under the terms of this Agreement, (v) the Parent Guarantor's consolidated unrealized foreign exchange losses, (vi) the Parent Guarantor's consolidated extraordinary losses and (vii) the Government Per Diem Payments actually received by the Parent Guarantor or its Subsidiaries during such period; and (b) decreased, by the sum of: (i) the Parent Guarantor's consolidated gains realized in connection with any Disposition, (ii) the Parent Guarantor's consolidated unrealized foreign exchange gains and (iii) the Parent Guarantor's consolidated extraordinary gains;

"**Environmental Claims**" means any and all enforcement, clean-up, removal or other governmental or regulatory actions, orders, directions, notices or proceedings instituted, pending or completed or to the best of the knowledge of the Borrower or the Parent

Guarantor, threatened or anticipated pursuant to any Environmental Laws and all claims made or, to the best of the knowledge of the Borrower or the Parent Guarantor, threatened, by any third party against the Borrower, the Parent Guarantor, its Subsidiaries, any property of the Borrower, the Parent Guarantor or its Subsidiaries or any party having charge, management or control of any property of the Borrower, the Parent Guarantor or its Subsidiaries relating to damage, contribution, cost recovery, remediation, compensation, loss or injury resulting from any damage to the environment or human health or violation or alleged violation of Environmental Laws;

"**Environmental Laws**" means any present or future Applicable Laws for the protection of the environment or human health;

"**Equity Securities**" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and non-voting) of, such Person's capital, whether outstanding on the date hereof or issued after the date hereof, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, and any and all rights, warrants, options or other rights exchangeable for or convertible into any of the foregoing;

"**Event of Default**" means any of the events described in Section 11.1;

"**excess amount**" has the meaning specified in Section 12.4(b);

"**Excluded Taxes**" means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower or any Guarantor hereunder or under any Loan Document, (a) taxes imposed on or measured by its net income or capital, and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located, and (c) any withholding tax payable as a result of such Person not dealing at Arm's Length with the Borrower or applicable Guarantor (other than when an Event of Default has occurred and is continuing);

"**Face Amount**" means, in respect of a Bankers' Acceptance, the amount payable to the holder thereof on the maturity thereof;

"**Facility**" means a revolving credit facility in an aggregate principal amount of up to $105,000,000 to be made available to the Borrower hereunder as set forth in Article 2;

"**Finance Parties**" means the Administrative Agent on its own behalf and as agent for the Lenders, the Lenders and/or any Affiliate of the Administrative Agent or the Lenders who have entered into a Hedging Agreement with any of the Obligors and "**Finance Party**" means any one of them;

"**GAAP**" means IFRS;

"**General Partner**" means The Royale GP Corporation;

"**Government of Canada Rate**" means, at any particular date, that rate of interest and referred to as the "benchmark bond yield" (expressed as a percentage rate *per annum*) published by the Bank of Canada correlating to the Government of Canada bond having a term of five years;

"**Government Per Diem Payments**" means capital cost per bed funding provided by the Government of Ontario under the *Nursing Homes Act* (Ontario) in respect of eligible nursing home facilities (currently in the amount of $10.35 per bed per day);

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

"**Gross Book Value**" means, at any time, the total book value of the assets of the Parent Guarantor, excluding goodwill (other than goodwill noted on the financial statements of the Parent Guarantor delivered pursuant to Section 6.1(c)), determined on a consolidated basis, plus accumulated amortization of income properties, including accumulated amortization of the fair value of tangible and intangible assets and liabilities recorded on the acquisition of income properties, recorded in the books and records at such time, determined in accordance with GAAP;

"**Guarantees**" means a guarantee delivered by any Person in connection herewith in form and substance satisfactory to the Administrative Agent;

"**Guarantor**" means, collectively, each of the Parent Guarantor, the General Partner, each Person which is, or after the date hereof becomes, a Subsidiary of the Borrower or the General Partner and each Person which is or, after the date hereof, becomes the registered or beneficial owner of a Property and "**Guarantor**" means any of them;

"**Guarantors' Security Documents**" has the meaning specified in Section 8.2;

"**Hazardous Material**" means any contaminant, pollutant or substance that causes harm or degradation to the surrounding environment or injury to human health and, without restricting the generality of the foregoing, includes any pollutant, contaminant, waste, hazardous waste, deleterious substance or dangerous good present in such quantity or state that it contravenes any Environmental Laws or gives rise to any liability or obligation under any Environmental Law;

"**Hedge Provider**" means a Lender or any of its Affiliates which is party to a Hedging Agreement with the Borrower;

"**Hedging Agreement**" means any agreement entered into in connection with a Hedging Transaction;

"**Hedging Transaction**" means (a) any transaction now existing or hereafter entered into (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) a transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, Equity Securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, and (b) any combination of these transactions;

"**IFRS**" means the International Financial Reporting Standards;

"**Impermissible Qualification**" means, relative to the financial statements (including notes thereto) of any Person or report or opinion of any independent auditor in respect thereof, any qualification or exemption to such financial statements (or notes thereto) or report or opinion thereon which is of a "going concern" or similar nature;

"**Indemnifying Party**" has the meaning specified in Section 14.4(c);

"**Indemnitee**" has the meaning specified in Sections 14.4(a);

"**Independent Appraiser**" means a professional real estate appraiser who is a member in good standing of the Appraisal Institute of Canada (and its successors), who is independent of the Obligors, who is certified and licensed in the jurisdiction of the relevant Properties, who has a minimum of five years' experience in the subject property type and market, and who is approved by the Administrative Agent, acting reasonably;

"**Independent Insurance Consultant**" means INTECH Risk Management or any replacement insurance consultant selected by the Administrative Agent;

"**Intellectual Property**" means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae, customer lists, data bases, documentation, registrations and franchises relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; (viii) any other intellectual property and industrial property; and (ix) all additions and improvements to the foregoing;

"**Interest Date**" means the first Banking Day of each calendar month;

"**Interest Expense**" means, for any period, the Parent Guarantor's consolidated interest expense, plus, to the extent not included in such total consolidated interest expense, and to the extent incurred by the Parent Guarantor or its Subsidiaries, (i) interest expense attributable to Capital Lease Obligations, (ii) amortization of debt discount, (iii) capitalized interest, (iv) non-cash interest expense (excluding the non-cash interest expense related to the amortization of the fair market value adjustment on any Permitted Debt existing on the Closing Date the Series B Senior Secured Debentures of the Parent Guarantor due in 2021, or if approved by the Lenders, similar amortization of the fair market value adjustment applicable to any Permitted Debt incurred after the Closing Date), (v) commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing, (vi) net costs associated with Hedging Transactions relating to interest rates (including amortization of fees), (vii) dividends in respect of all preferred stock held by Persons other than an Obligor, and (viii) interest actually paid by the Parent Guarantor or any of its Subsidiaries on any Debt of any other Person;

"**Interest Period**" means, with respect to a BA Equivalent Advance, a period commencing (i) in the case of the initial Interest Period for such Advance, on the date of such Advance; and (ii) in the case of any subsequent Interest Period for such Advance, on the last day of the immediately preceding Interest Period applicable thereto and ending, in either case, on the last day of such period as shall be selected by the Borrower pursuant to the provisions hereof; provided that if a BA Equivalent Advance arises as a result of a Conversion of another type of Advance pursuant to the provisions hereof, the initial

Interest Period for such BA Equivalent Advance after such Conversion shall commence on the date of such Conversion;

"**Issuing Bank**" means Bank of Montreal and any additional or successor Issuing Bank appointed in accordance with this Agreement;

"**Leases**" means all present and future leases, grants to lease, tenancy agreements, licenses, concessions, franchises, storage contracts and other rights of use or occupancy of a Property or any part thereof;

"**Lenders**" means, collectively, the Persons named in Schedule A as Lenders and any other Person who becomes a Lender pursuant to Section 12.14, Section 15.9 or otherwise and their respective successors and assigns and "**Lender**" means any one of them;

"**Lenders' Counsel**" means the firm of Davies Ward Phillips & Vineberg LLP, Toronto, Ontario, or such other firm of legal counsel as the Administrative Agent may from time to time designate;

"**Lending Value**" means, in respect of a Property, the product of the Vacancy Discount Factor multiplied by the lesser of: (i) 75% of the most recent Appraised Value, and (ii) the Mortgageability Amount;

"**Letter of Credit**" means a standby letter of credit or a commercial letter of credit issued by the Issuing Bank pursuant to the Facility at the request and for the account of the Borrower under this Agreement;

"**Letter of Credit Exposure**" means, at any time in respect of any Letter of Credit, the undrawn and unexpired aggregate face amount of such Letter of Credit which has not been reimbursed pursuant to Section 4.1(f);

"**Letter of Credit Fee Rate**" means, for any period, with respect to a Letter of Credit, a percentage rate *per annum* equal to 1.75%;

"**Letter of Credit Limit**" means the lesser of (a) $5,000,000 and (b) the Swingline Credit Limit less the aggregate principal amount of all Swingline Advances;

"**Licensed Intellectual Property**" means the Intellectual Property of the Borrower, the Parent Guarantor or any of its Subsidiaries which is licensed by any of them;

"**Liens**" means mortgages, pledges, liens, hypothecs, charges, security agreements or other encumbrances or other arrangements that in substance secure payment or performance of an obligation, statutory and other non-consensual liens or encumbrances and includes the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement;

"**Limited Partnership Agreement**" means the amended and restated limited partnership agreement dated as of April 18, 2011 between the General Partner and the Parent Guarantor as from time to time amended, modified, supplemented, restated or amended and restated;

"**Loan Documents**" means this Agreement, the Guarantees, the Security, all Hedging Agreements and all other documents to be executed and delivered to any of the Finance Parties by the Parent Guarantor or any Royale Group Member or any of them hereunder or thereunder or pursuant hereto or thereto or any other Contracts designated in writing as Loan Documents by the Borrower and the Administrative Agent;

"**Losses**" has the meaning specified in Section 14.4(a);

"**Majority of the Lenders**" means those Lenders having Commitments which in the aggregate are equal to or more than 66⅔% of the aggregate amount of Commitments;

"**Mandatory Advance**" has the meaning specified in Section 2.4(c);

"**Material Adverse Effect**" means a material adverse effect on (a) the business, assets, liabilities (actual or contingent), operations, or condition, financial or otherwise, of (i) the Parent Guarantor, (ii) the Obligors taken as a whole, (iii) the Borrower, or (iv) any of the Properties, (b) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Finance Parties hereunder or thereunder, (c) the ability of any of the Obligors to perform their obligations under any Loan Document to which any of the Obligors is a party or (d) the amount which the Lenders would be likely to receive (after giving effect to delays in payment and costs of enforcement) upon the liquidation of the Charged Property;

"**Material Agreement**" means, collectively (a) the Contracts specified in Schedule 9.1(m); and (b) any other Contract of the Borrower, the Parent Guarantor or any of its Subsidiaries the breach, non-performance, non-enforceability, or cancellation of which or the failure of which to renew could reasonably be expected to have a Material Adverse Effect, and individually, any one of such Contracts;

"**Material Permits**" means, collectively (i) the Permits specified in Schedule 9.1(f); and (ii) any other Permits of the Sienna Group Members, for which the breach, non-performance, non-enforceability or cancellation of any such Permit or the failure to renew any such Permit could reasonably be expected to have a Material Adverse Effect, and individually, any one of such Permits;

"**Maturity Date**" means January 18, 2020;

"**Mortgageability Amount**" means, with respect to any Property, the notional principal amount, from time to time (calculated (or, where applicable, allocated, estimated or adjusted) to the satisfaction of the Administrative Agent, acting reasonably, in respect of such Property) that can be serviced (in blended monthly payments of principal and interest) by the quotient obtained by dividing the Adjusted Net Operating Income for such Property for the previous four consecutive fiscal quarters by 1.25 and assuming:

(a) a 25 year amortization period; and

(b) an annual interest rate, compounded semi-annually, equal to the greater of:

(i) the then current Government of Canada Rate plus 2.00%; and

(ii) 4.50% *per annum*,

such notional principal amount as it relates to each of the Properties as of the Closing Date being shown in the Borrowing Base Certificate to be delivered pursuant to Section 6.1(h);

"**Net Income**" means the consolidated net income of the Parent Guarantor as set forth in the most recent audited financial statements or unaudited quarterly financial statements delivered pursuant to Section 6.1(c), 10.1(a)(i) or 10.1(a)(ii);

"**Non-Schedule I Reference Discount Rate**" means, in respect of any Bankers' Acceptance to be purchased by a Lender which is not a Schedule I Canadian chartered bank and any BA Equivalent Advance, the arithmetic average of the discount rates (calculated on an annual basis and rounded to the nearest one-hundredth of 1%, with five-thousandths of 1% being rounded up) quoted by each Schedule II Reference Lender on or about 10:00 a.m. to the Borrower as the discount rate at which such Schedule II Reference Lender would purchase, on the relevant Drawdown Date, Conversion Date or Rollover Date, its own bankers' acceptances having an aggregate Face Amount equal to and with a term to maturity the same as the Bankers' Acceptances to be purchased by such Lender on such Drawdown Date, Conversion Date or Rollover Date and the Interest Period applicable to such BA Equivalent Advance; provided, however, that the Non-Schedule I Reference Discount Rate in no event shall be greater than 0.10% above the BA Reference Discount Rate for such Drawdown Date, Conversion Date or Rollover Date;

"**Non-Schedule I Reference Lenders**" means any two Lenders which are Non-Schedule I Canadian chartered banks selected by the Administrative Agent or if only one Lender is a Non-Schedule I Canadian chartered bank, such Lender;

"**Notice of Amount**" has the meaning specified in Section 5.1;

"**Notification Date**" has the meaning specified in Section 14.5(c);

"**Obligations**" means, in respect of the Obligors, in each case whether now existing or hereafter arising, the aggregate outstanding principal of and interest on the Advances (including for greater certainty the Swingline Advance), the Letter of Credit Exposure, obligations to any Hedge Provider under any Hedging Agreement (including any

Termination Amount), Cash Management Services, all interest accrued and to accrue thereon and all other amounts owing or which may become owing by the Obligors, or any one or more of them, to the Administrative Agent, the Lenders and the Hedge Providers, or any one or more of them, or any of their respective Affiliates, under or pursuant to this Agreement, the Hedging Agreements and the other Loan Documents (including without limitation any Guarantee) and under or pursuant to any Bank Products, including without limitation, fees, expenses, indemnities and contingent liabilities, and all covenants and other obligations of the Obligors, or any one or more of them, to the Administrative Agent, the Lenders and the Hedge Providers, or any one or more of them, or any of their Affiliates under or pursuant to this Agreement, the other Loan Documents and the Bank Products;

"**Obligors**" means, collectively, the Borrower and the Guarantors and "**Obligor**" means any one of them;

"**Occupancy**" means, at a given time in respect of a Property, a fraction where the numerator is the number of units of such Property that is leased under existing Leases in force at such time, excluding, absent the written consent of the Majority of the Lenders, any Leases that are not *bona fide*, Arm's Length leases on market terms or where the tenant(s) or sub-tenant(s) under such Leases is/are: (A) not actually occupying the related space under such Leases or (B) not paying rent under such Leases; and the denominator is the total number of leasable units of such Property;

"**Officer's Certificate**" means a certificate signed by a senior officer of the Borrower and the Parent Guarantor;

"**Operating Account**" means a Canadian Dollar account to be opened and maintained by the Borrower at a branch of the Swingline Lender in Toronto, Ontario for the purposes of, amongst other things, making Swingline Advances;

"**Other Taxes**" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, any of the Loan Documents, or any other document in connection herewith, in each case, whether foreign or domestic;

"**Overdraft**" means any drawing on an Operating Account to the extent that it (i) results in the Operating Account being overdrawn, or (ii) increases the amount by which such Operating Account is overdrawn;

"**Owned Intellectual Property**" means the Intellectual Property of the Borrower, the Parent Guarantor or any of its Subsidiaries which is owned by any of them;

"**Permits**" means, collectively, licences, franchises, certificates, consents, rights, approvals, authorizations, registrations, orders and permits;

"**Permitted Acquisitions**" means, any acquisition by the Borrower, the Parent Guarantor or any other Sienna Group Member of any Person or all or substantially all of the assets of any Person or a division or business unit of any Person; provided that each of the following conditions precedent is satisfied:

(a) no Default or Event of Default is occurring at the time of such acquisition or could reasonably be expected to occur as a result such acquisition;

(b) the acquisition is of a Person carrying on the Business (or if an asset acquisition, is of assets used or useful in the Business);

(c) the acquisition is of:

(i) a Person existing under the laws of Canada; or

(ii) assets located in Canada;

(d) the Administrative Agent has received an Officer's Certificate (in form and substance satisfactory to the Administrative Agent), certifying, in sufficient detail, that after giving effect to such acquisition, the Parent Guarantor will be in compliance with the financial covenants in Section 10.3 as at the date of such acquisition, and at all relevant times during the period of 12 months thereafter (calculated on a pro forma basis and based on the reasonable and good faith projected performance of such acquisition for such 12 month period);

(e) the representations and warranties set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such acquisition, both before and after giving effect to such acquisition (except to the extent such representations and warranties relate to a different date, in which case such representations and warranties shall be true and correct in all material respects on and as of such date) and the Administrative Agent shall have received an Officer's Certificate (in form and substance satisfactory to the Administrative Agent) certifying such compliance; and

(f) no such acquisition shall be by way of or involve a hostile take-over bid or offer;

"**Permitted Debt**" means (without duplication):

(i) in the case of any Sienna Group Member (other than a Royale Group Member):

(A) all Debt existing on the Closing Date; and

(B) Debt incurred after the date hereof provided that immediately following the incurrence or assumption of such Debt, the Parent Guarantor will be in compliance with the financial covenants in

Section 10.3 as at the date of such acquisition, and at all relevant times during the period of 12 months thereafter (calculated on a pro forma basis and based on the reasonable and good faith projected performance of such acquisition for such 12 month period); and

(ii) in the case of any Royale Group Member:

(A) Debt under the Facility and Debt Guaranteed in respect thereof;

(B) Debt contemplated by paragraph (v) of the definition of Debt herein;

(C) unsecured Debt owed by an Obligor to another Obligor (other than the General Partner);

(D) unsecured Debt owed by an Obligor who is not a shareholder of the General Partner to the General Partner;

(E) Debt secured solely by a Lien referred to in paragraph (xiv) of the definition of Permitted Encumbrance; provided that when such Debt is incurred no Default or Event of Default has occurred and is continuing or would occur as a result of the incurrence of such Debt;

(F) Capital Lease Obligations and Debt secured by Purchase Money Obligations which do not exceed at any time the aggregate of \$2,000,000; and

(G) unsecured Debt of the Borrower which is not otherwise Permitted Debt and which does not exceed an aggregate principal amount of \$2,000,000;

"**Permitted Dispositions**" means:

(i) in the case of the Sienna Group Members (other than the Royale Group Members):

(A) any Disposition of assets by a Sienna Group Member (other than the Obligors) to another Sienna Group Member;

(B) any Disposition of assets by the Parent Guarantor to another Obligor;

(C) provided that no Default or Event of Default has occurred and is continuing or could reasonably be expected to result from such

Disposition, any Disposition of assets by the Parent Guarantor to another Sienna Group Member;

(D) Dispositions permitted pursuant to Section 10.2(a);

(E) Dispositions of assets which are obsolete, redundant or of no material economic value; and

(F) provided that no breach of the financial covenants set forth in Section 10.3 or Section 11.1 has occurred and is continuing or could reasonably be expected to result from such Disposition, any other Disposition of assets; and

(ii) in the case of any of the Royale Group Members:

(A) any Disposition of assets by a Royale Group Member (other than the Borrower) to another Royale Group Member;

(B) provided that no Default or Event of Default has occurred and is continuing or could reasonably be expected to result from such Disposition, any Disposition of assets by the Borrower to another Royale Group Member;

(C) Dispositions permitted pursuant to Section 10.2(a);

(D) Dispositions of assets which are obsolete, redundant or of no material economic value; and

(E) other Dispositions of assets in each fiscal year of the Borrower of, when added to the Dispositions referred to in (ii)(D) above, not more than $500,000 in the aggregate;

"**Permitted Distribution**" means:

(i) any payment from any Sienna Group Member (other than a Royale Group Member) to any Obligor;

(ii) provided that no Event of Default has occurred and is continuing, any payment from any Royale Group Member to any other Royale Group Member;

(iii) provided that no Default or Event of Default has occurred and is continuing, any payment from any Royale Group Member to the Parent Guarantor or any Affiliate;

(iv) any payment by the Parent Guarantor:

(A) of any dividends on any of its Equity Securities paid in the ordinary course, consistent with past practices and in accordance with the Parent Guarantor's dividend policy as described under the heading "*Dividend Policy*" on page 22 and under the heading "*Dividends*" on page 23 of its Annual Information Form dated March 15, 2016; and

(B) provided that no Default or Event of Default has occurred and is continuing:

(I) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any of its Equity Securities or any warrants, options or rights to acquire any such shares, or the making by Parent Guarantor of any other distribution in respect of any of its Equity Securities;

(II) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any Debt of the Parent Guarantor ranking in right of payment subordinate to any liability of the Parent Guarantor under the Loan Documents;

(III) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any indebtedness of the Parent Guarantor to a shareholder of the Parent Guarantor or to an Affiliate of a shareholder of the Parent Guarantor; and

(v) without limiting Section 10.2(e), any payment by a Subsidiary of the Parent Guarantor on account of *bona fide* management, consulting or similar fees payable to a manager of real property or consultant, in respect of real property owned by such Subsidiary;

"**Permitted Encumbrance**" means, with respect to any Person, the following:

(i) Liens securing Debt under Purchase Money Obligations or Capital Lease Obligations referred to in clause (ii)(F) of Permitted Debt, provided that such Liens attach only to the assets (and proceeds therefrom) that are the subject matter of such Purchase Money Obligations or Capital Lease Obligations, respectively;

(ii) Liens on the assets of the Obligors provided or granted in favour of the Administrative Agent under the Security Documents in respect of the obligations of the Obligors under the Loan Documents;

(iii) pledges, deposits and Liens under worker's compensation laws, employment insurance laws or similar legislation; good faith deposits in connection with bids, tenders and contracts (other than for the payment of debt for borrowed money); deposits of cash or bonds or other direct obligations of Canada or any Canadian province to secure surety or appeal bonds or deposits as security for contested taxes or import duties or for the payment of rents;

(iv) any Liens resulting from the deposit of cash or securities in connection with the performance of a bid, tender or contract (other than the repayment of borrowed money) entered into in the ordinary course of business;

(v) unregistered, undetermined or inchoate construction, carrier's, warehousemen's or mechanic's liens, pursuant to the Applicable Law, a claim for which shall not at the time have been registered against any Charged Property and of which notice in writing shall not at the time have been given to any Sienna Group Member pursuant to the applicable builders, construction or mechanic's lien legislation in the province in which such Charged Property is situated (a "**Construction Lien**") and where such notice has been given the applicable Sienna Group Member shall have either: (A) where relevant Construction Lien Legislation permits, deposited with the Administrative Agent cash or indemnity bonds in an amount satisfactory to the Administrative Agent to secure the payment of such Construction Lien and any other amounts relating thereto (including, without limitation, security for costs as required under applicable Construction Lien Legislation), or (B) posted a payment bond of such amount, or by payment into court of such amount, as is necessary to remove such Construction Lien, and, in the case of either (A) or (B), such actions shall have been completed within 30 days of the date the applicable Sienna Group Member received notice of the existence of such Construction Lien;

(vi) Liens for Taxes, assessments and government charges and levies not yet subject to penalties for non-payment or which are being contested in good faith and by appropriate proceedings (and as to which foreclosure or other enforcement proceedings shall have been effectively stayed within 30 days of the commencement of such proceedings) and for which adequate reserves in respect thereto are maintained in accordance with GAAP;

(vii) the reservations in any original grants from the Crown of any land or interest therein and statutory exceptions to title;

(viii) minor survey exceptions, minor encumbrances, minor title defects, minor encroachments or irregularities, easements or reservations of or rights of others for rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or by-law, regulation, zoning (including airport zoning) or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of the Person which incurred them or the ownership of its properties which were not incurred in connection with Debt and which do not in the aggregate materially detract from the value of such properties or materially impair their use in the operation of the business of such Person;

(ix) securities to public utilities or to any Governmental Authority when required by the utility or other authority in connection with the supply of services or utilities to any of the Royale Group Members;

(x) undetermined or inchoate Liens, arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with Applicable Law or of which written notice has not been duly given in accordance with Applicable Law or which, although filed or registered, relate to obligations not due or delinquent;

(xi) servicing agreements, developing agreements, site plan agreements and other agreements with any Governmental Authority pertaining to the use or development of any of the assets of the Person, provided same are complied with in all material respects and do not materially reduce the value of the assets of the Person or materially interfere with the use of such assets in the operation of the business of such Person;

(xii) the right reserved to or vested in any Governmental Authority by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Person, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

(xiii) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of combination of accounts or similar rights in the ordinary course of conducting day-to-day banking business in relation to deposit accounts or other funds maintained with a creditor depository institution;

(xiv) a Lien on real property owned legally and beneficially by one or more Royale Group Members which is not a Property;

(xv) easements and encroachments set forth in the Easement Agreement; and

(xvi) Liens consented to by the Majority of the Lenders.

"**Person**" means an individual, company, partnership (whether or not having separate legal personality), corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, income fund or other entity, or a government, state or political subdivision thereof or any agency of such government, state or political subdivision;

"**Prime Rate**" means the greater of (i) the variable rate of interest per annum, expressed on the basis of a year of 365 or 366 days, as the case may be, established or quoted from time to time by the Administrative Agent as the reference rate of interest then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by it in Canada and (ii) the sum of (x) the CDOR rate per annum for Canadian Dollar bankers' acceptances having a term of 30 days that appears on the display page designated as the CDOR Page (or any replacement page) by Reuters Money Market Service (or its successor) as of 10:00 a.m. on the date of determination as reported by the Administrative Agent, and (y) plus 1% per annum;

"**Prime Rate Advance**" means a loan made by the Lenders to the Borrower in Canadian Dollars on which interest is payable at the Prime Rate plus the Applicable Margin;

[REDACTED - commercially sensitive information]

"**Properties**" means, collectively, the [redacted], the [redacted] and the [redacted] and "**Property**" means any one of them;

"**Purchase Money Obligation**" means, in respect of any Person, any Lien charging property acquired by such Person, which is granted or assumed by such Person, reserved by the transferor or which arises by operation of Applicable Law in favour of the transferor concurrently with and for the purpose of the acquisition of such property, in each case where: (i) the principal amount secured by such security interest is not in excess of the cost to such Person of the property acquired and costs associated with such acquisition; and (ii) such security interest extends only to the property acquired and the proceeds therefrom;

"**Rateable Portion**", with respect to any Lender, means, at any time, the ratio, expressed as a decimal fraction, of such Lender's Commitment at such time to the aggregate of the Commitments of all of the Lenders;

"**recovering Lender**" has the meaning specified in Section 12.4(b);

[REDACTED - commercially sensitive information]

[redacted]

"**Reference Lenders**" means, collectively, the Non-Schedule I Reference Lenders;

"**Release**" means any release, deposit, emission, leaking, leaching, spilling, migrating or other movement of Hazardous Material;

"**Restricted Payment**" means, with respect to any Person, any payment by such Person (i) of any dividends on any of its Equity Securities, (ii) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement or other acquisition of any of its Equity Securities or any warrants, options or rights to acquire any such shares, or the making by such Person of any other distribution in respect of any of its Equity Securities, (iii) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any Debt of such Person ranking in right of payment subordinate to any liability of such Person under the Loan Documents, (iv) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any indebtedness of such Person to a shareholder of such Person or to an Affiliate of a shareholder of such Person, or (v) of any management, consulting or similar fee or any bonus payment or comparable payment, or by way of cash gift or other cash gratuity, to any Affiliate of such Person or to any director or officer thereof (excluding customary director and officer compensation);

"**Rollover**" means a rollover of a Bankers' Acceptance pursuant to and in accordance with this Agreement;

"**Rollover Date**" means, in relation to any Bankers' Acceptance Advance, the date, which shall be a Banking Day, on which the Rollover of such Advance is made by the Borrower pursuant to a Rollover Notice;

"**Rollover Notice**" means a notice substantially in the form of Schedule F;

"**Royale Group**" means the Borrower, the General Partner and each other Guarantor;

"**Royale Group Member**" means any Person who is a member of the Royale Group;

[REDACTED - commercially sensitive information]

[redacted];

"**Securitization Transaction**" means, in respect of any Person, any transaction providing for the sale, securitization or other asset-backed financing of (i) receivables of or owing to such Person or (ii) any other assets of such Person;

"**Security Documents**" means, collectively, the Borrower's Security Documents and the Guarantors' Security Documents;

"**Shareholders' Equity**" means, on any date, the total amount of shareholders' equity of the Borrower (including retained earnings plus the accumulated amortization for property, plant and equipment and intangibles (as referenced in the most recently delivered financial statements of the Parent Guarantor) but excluding any subordinated debt) determined on a consolidated basis in accordance with GAAP;

"**shares**", as applied to the shares of any corporation, means the shares of every class whether now or hereafter authorized, regardless of whether such shares shall be limited to a fixed sum or percentage with respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding-up of such corporation;

"**Sienna Group Members**" means the Parent Guarantor and all of its Subsidiaries existing from time to time (including (unless otherwise stipulated) the Royale Group Members);

"**Solvent**" means, with respect to any Person on any date of determination, that on such date (i) the fair value of the property (for the avoidance of doubt, calculated to include goodwill and other intangibles) of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, and (ii) such Person is able to pay its debts and liabilities as they mature. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability;

"**Standby Fee**" has the meaning specified in Section 2.9(a);

"**Subsidiary**" means any Person directly or indirectly Controlled by another Person;

"**Substitute Lenders**" has the meaning specified in Section 12.14;

"**Successor Agent**" has the meaning specified in Section 12.10;

"**Successor Corporation**" has the meaning specified in Section 13.1;

"**Swingline Advance**" means a Prime Rate Advance made to the Borrower by the Swingline Lender pursuant to Section 2.4;

"**Swingline Credit Limit**" means the amount set forth opposite the name of the Swingline Lender in Schedule A less the face amount of all undrawn Letters of Credit issued by the Issuing Bank;

"**Swingline Lender**" means Bank of Montreal and its successors and assigns and for greater certainty, where the context permits, references herein to "Lenders" include the Swingline Lender;

"**Taxes**" includes all present and future income, corporation, capital gains, capital, business, property and value-added and goods and services taxes and all stamp and other taxes and levies, imposts, deductions, duties, charges and withholdings whatsoever together with interest thereon and penalties with respect thereto, if any, and charges, fees and other amounts made on or in respect thereof, in each case, whether foreign or domestic;

"**Termination Amount**" means, with respect to any Hedging Transaction all amounts due to a Lender, or an Affiliate of a Lender, party to a Hedging Transaction under the relevant Hedge Agreement related thereto as a result of a Termination Event;

"**Termination Event**" means any event that causes a Hedging Transaction to terminate prior to its maturity date;

"**Total Debt**" means, at any time, the total Debt of the Parent Guarantor and calculated on a consolidated basis in accordance with GAAP at such time;

"**Trust Indenture**" means the Amended and Restated Master Trust Indenture dated as of November 21, 2005 between Leisureworld Senior Care LP and BNY Trust Company of Canada and all supplements thereto; and

"**Vacancy Discount Factor**" means, based on the Occupancy of a Property at a given time, the amount set forth in the table below:

Occupancy Category	**Occupancy**	**Vacancy Discount Factor**
A	Greater than or equal to 0.80	1.0
B	Greater than or equal to 0.75 and less than 0.80	Occupancy
C	Below 0.75	Zero

[REDACTED - commercially sensitive information]

provided that, solely in respect of the [redacted] at any time prior to the date which is one year following the Closing Date, Vacancy Discount Factor means the amount set forth in the table below:

Occupancy Category	**Occupancy**	**Vacancy Discount Factor**
A	Greater than or equal to 0.80	1.0
B	Greater than or equal to 0.70 and less than 0.80	Occupancy
C	Below 0.70	Zero

provided that the Vacancy Discount Factor shall only be reduced from Occupancy Category B to Occupancy Category C in respect of any Property if the Occupancy is at or below Occupancy Category C for a period of 90 or more consecutive days in respect of such Property.

1.2 Gender and Number

Any reference in this Agreement to gender includes all genders, and words importing the singular number only include the plural and vice versa.

1.3 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. The terms "**this Agreement**", "**hereof**", "**hereunder**" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Save as expressly provided herein, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.4 Certain Phrases, etc.

In this Agreement, unless otherwise expressly provided, (i) (A) the words "**including**" and "**includes**" mean "**including (or includes) without limitation**", (B) the phrase "**the aggregate of**", "**the total of**", "**the sum of**", or a phrase of similar meaning means "**the aggregate (or total or sum), without duplication, of**", (C) the word "**will**" has the same meaning as the word "**shall**", and (D) any reference to any Person shall be construed to include such Person's successors, permitted assigns and legal personal representatives, and (ii) in the computation of periods of time from a specified date to a later specified date the word "**from**" means "**from and including**" and the words "**to**" and "**until**" each mean "**to (or until) but excluding**".

1.5 References to the Administrative Agent or Lenders

Any reference in this Agreement to the Administrative Agent or a Lender shall be construed so as to include its successors, permitted Assignees or assigns hereunder in accordance with their respective interests.

1.6 Accounting Terms and Practice

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time. All calculations of the components of the financial information for the purposes of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP in existence as at December 31, 2015 and used in the preparation of the consolidated financial statements of the Borrower and the Parent Guarantor referred to in Section 10.1(a)(i) or (ii).

1.7 Non-Banking Days

Whenever any payment to be made hereunder shall be stated to be due or any action to be taken hereunder shall be stated to be required to be taken on a day other than a

Banking Day, such payment shall be made or such action shall be taken on the next succeeding Banking Day and, in the case of the payment of any monetary amount, the extension of time shall be included for the purposes of computation of interest or fees thereon.

1.8 References to Time of Day

Except as otherwise specified herein, a time of day shall be construed as a reference to the time of day in Toronto, Canada time.

1.9 Severability

In the event that any provision contained in this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the invalidity, illegality or unenforceability of that provision will not affect:

(a) the validity, legality or enforceability of the remaining provisions hereof or thereof; or

(b) the validity, legality or enforceability of that provision in any other jurisdiction.

1.10 Currency

All monetary amounts in this Agreement refer to Canadian Dollars unless otherwise specified.

1.11 References to Statutes

Except as otherwise provided herein, any reference in this Agreement to a statute, regulation or other legislative instrument shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced and any reference to a statute shall include any regulations made thereunder.

1.12 Amendment and Restatement

Effective as of the Closing Date, this Agreement amends and restates, in its entirety, and supersedes the Original Loan Agreement. Each of the parties hereto acknowledges and agrees that any of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of the amendment and restatement of the Original Loan Agreement. It is the intention of each of the parties hereto that the Original Loan Agreement and each of the Security Documents be amended and restated so as to preserve the perfection and priority of all security interests securing the obligations pursuant to the Original Loan Agreement, the Hedging Agreements with the Lenders and their Affiliates and the other Loan Documents and that all Obligations of the Obligors hereunder and under the Hedging Agreements and the other Loan Documents and Bank Products shall be secured by the Security Documents and that this Agreement does not constitute a novation of the obligations and liabilities existing under the Original Loan Agreement, the Permitted Hedging Agreements and the other Loan Documents. The parties hereto further acknowledge and agree that this Agreement constitutes an amendment of the Original Loan Agreement validly made under and in accordance with the Original Loan Agreement. Except to the extent specifically amended hereby, each of the Loan Documents (including the Schedules to the Original Loan Agreement, the Security Documents and the other Loan Documents) shall continue in full force and effect and, from and after the Closing Date, all references to the Credit Agreement contained therein shall be deemed to refer to this Agreement.

1.13 References to Agreements

Except as otherwise provided herein, any reference in this Agreement to this Agreement or to any other agreement or document shall be construed to be a reference to this Agreement or such other agreement or document, as the case may be, as the same may have been, or may from time to time be, amended, varied, novated, restated or supplemented.

1.14 Governing Law, Jurisdiction, etc.

(a) **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in that Province.

(b) **Submission to Jurisdiction**. The Borrower and the Parent Guarantor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the Province of Ontario, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. The Borrower and the Parent Guarantor agree that a final non-appealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower and the Parent Guarantor or their respective assets in the courts of any jurisdiction.

(c) **Waiver of Venue**. Each of the Borrower and the Parent Guarantor irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any court referred to in Section 1.14(b). Each of the Borrower and the Parent Guarantor irrevocably waives, to the fullest extent permitted by Applicable Law, the defence of an inconvenient forum to the maintenance of such action or proceeding in any such court.

1.15 Incorporation of Schedules

The schedules attached to this Agreement shall, for all purposes of this Agreement, form an integral part of it.

ARTICLE 2
THE FACILITY

2.1 Establishment of Facility

Upon the terms and subject to the conditions hereof, each of the Lenders hereby severally agrees to make its Rateable Portion of the Facility available to the Borrower.

2.2 Purposes

The Facility is being made available to the Borrower by the Lenders for general corporate purposes, including future acquisitions of independent-living, assisted living and long-term care properties which are Permitted Acquisitions.

2.3 Term and Availability

(a) The Facility shall be available for Drawdowns by the Borrower, at the option of the Borrower, (i) by way of Prime Rate Advances or Bankers' Acceptance Advances, in each case in a minimum principal amount or Face Amount, as the case may be, of $1,000,000 and integral multiples of $100,000 in excess thereof by irrevocable Drawdown Notice given to the Administrative Agent not later than 10:00 a.m. on the third Banking Day prior to the relevant Drawdown Date in the case of a Bankers' Acceptance Advance and not later than 10:00 a.m. on the Banking Day prior to the Drawdown Date in the case of a Prime Rate Advance or (ii) by the issue of a Letter of Credit. The Facility shall be a revolving credit facility and, subject to the terms and conditions contained herein, the Borrower shall have the right and option to determine in which of these forms the Facility shall be utilized from time to time and the Borrower may borrow, repay and reborrow the Facility at any time prior to the Maturity Date, and the Borrower shall have the right to convert the manner in which the Facility is utilized from one form to another as it sees fit subject to Section 2.10. The Facility shall terminate on the Maturity Date. The Borrower may not make a Drawdown under the Facility if as a result of such Drawdown the Aggregate Outstanding Amount then outstanding under the Facility would exceed the Available Credit.

(b) If the Aggregate Outstanding Amount then outstanding under the Facility exceeds the Available Credit at any time for any reason whatsoever, then the Administrative Agent or any Lender may, by notice to the Borrower, require the Borrower to repay that portion of the Aggregate Outstanding Amount which is in excess of the Available Credit determined on the date of such notice; provided, however, that if such repayment would result in the repayment of a Bankers' Acceptance Advance prior to its maturity date or the repayment of a BA Equivalent Advance prior to last day of its Interest Period, the Borrower may, at its option and in lieu of repayment of such Advances, deposit with the Administrative Agent cash collateral in an amount equal to the required repayment amount to be held by the Administrative Agent for distribution to the Lenders as repayment of a Bankers' Acceptance Advance on its maturity date (or the last day of its then current Interest Period in the case of a BA Equivalent Advance).

(c) Provided that the Facility is not prepaid or accelerated in accordance with Article 11, the Borrower shall repay the principal amount of all Advances outstanding under the Facility, together with accrued and unpaid interest thereon, on the Maturity Date.

(d) All repayments of the Facility by the Borrower, other than repayments pursuant to paragraphs (b) and (c) of this Section 2.3, shall be in a minimum amount of $500,000 and amounts in excess thereof in integral multiples of $100,000.

2.4 Swingline Advances

(a) Subject to the terms of this Agreement, the Swingline Lender agrees to make Advances to the Borrower pursuant to the Facility from time to time on any Banking Day after the date of this Agreement and prior to the Maturity Date, by way of Prime Rate Advances in an aggregate principal amount not to exceed the Swingline Credit Limit, provided that the Aggregate Outstanding Amount after giving effect to such Swingline Advance may not exceed the Available Credit.

(b) Notwithstanding Section 2.3(a), each Swingline Advance shall be made by the Swingline Lender, without notice from or to the Borrower, in respect of any Overdraft in any one or more Operating Accounts by deposit by the Swingline Lender to such account of an amount equal to such Overdraft.

(c) The Swingline Lender may, in its discretion, give notice to the Administrative Agent who shall forthwith notify the Lenders that the principal amount of the Swingline Lender's outstanding Swingline Advances shall be funded with an Advance under the Facility (provided that such notice shall be deemed to have been given (y) on the Maturity Date if the Borrower shall not have repaid all Swingline Advances in respect of the Swingline Lender on or prior to such day, and (z) upon the occurrence of an Event of Default) in which case Advances under the Facility (each such Advance, a "**Mandatory Advance**") shall be made on the next Banking Day by all Lenders so that immediately after the Mandatory Advance, each Lender shall share rateably in the Aggregate Outstanding Amount and the proceeds of such Mandatory Advance shall be applied directly by the Administrative Agent to repay Swingline Advances. Each Lender shall make Advances pursuant to a Mandatory Advance in the amount and in the manner specified in writing by the Administrative Agent notwithstanding (i) that the amount of the Mandatory Advance may not comply with the minimum amount for Advances under the Facility otherwise required under this Agreement; (ii) that the conditions specified in Section 6.2 are not then satisfied; (iii) whether a Default or an Event of Default has occurred and is continuing; (iv) the date of such Mandatory Advance; and (v) any reduction in the Commitment after any Swingline Advance was made by the Swingline Lender.

(d) Each Lender's obligation set forth in Section 2.4(c) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, compensation, counterclaim, recoupment, defense or other right which such Lender may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of any Default or Event of Default; (iii) any adverse change in the condition (financial or otherwise) of the Borrower, the Parent Guarantor or any other Person; (iv) any breach of this Agreement or any other Loan Document by the Borrower or any other Person; (v) any inability of the Borrower to satisfy the conditions precedent to borrowing set forth in this Agreement on the date upon which such Advance is to be made or (vi) any other circumstances, happening or event whatsoever, whether or not similar to any of the foregoing. If any Lender does not make available the amount required under Section 2.4(c), the Swingline Lender shall be entitled to recover such amount on demand from such Lender, together with interest thereon at the Prime Rate from the date of non-payment until such amount is paid in full.

2.5 Lenders' Obligations

(a) The obligations of the Lenders hereunder are several and not joint.

(b) Save as otherwise specifically provided herein, each Lender shall participate in each Advance in accordance with its Rateable Portion.

(c) The failure of any Lender to make available its share of any Advance required to be made by it under this Agreement shall not relieve any other Lender of its obligations to make available its share of any Advances required to be made under this Agreement.

2.6 Cancellation or Reduction of the Facility

The Borrower may at any time, upon giving at least three Banking Days' prior notice to the Administrative Agent, cancel in full or, from time to time, cancel in part any undrawn portion of the Facility; provided, however, that any such reduction shall be in minimum amounts of $1,000,000 and integral multiples of $100,000 in excess thereof, and further provided that any cancellation shall reduce the Commitment of each Lender *pro rata*. Any such cancellation shall permanently reduce the Facility and may not be reinstated.

2.7 Interest on Prime Rate Advances

(a) Interest on each Prime Rate Advance shall accrue at a rate per annum equal to the Applicable Margin plus the Prime Rate in effect from time to time during the period of time that the Prime Rate Advance is outstanding. Such interest shall be payable in Canadian Dollars monthly in arrears on the Interest Date commencing with the Interest Date occurring in the calendar month following the initial Drawdown Date for the period from and including the Drawdown Date for such Advance (or, if applicable, the date on which such Advance was converted into a Prime Rate Advance) or the preceding Interest Date for such Prime Rate Advance, as the case may be, to and including the day preceding such Interest Date and shall be calculated on the principal amount of the Prime Rate Advance outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 or 366 days, in the case of an Interest Date occurring in a leap year. Changes in the Prime Rate shall cause an automatic and immediate adjustment of the interest rate payable on Prime Rate Advances without the necessity of any notice to the Borrower.

(b) Notwithstanding any other provision contained herein or in any other Loan Document and notwithstanding the fact that funds will not be advanced until such time as all conditions precedent set forth in Section 6.1 have been satisfied or waived by the Lenders, all amounts deposited with Counsel to the Borrower pursuant to the document registration agreement referred to in Section 6.1(bb) shall bear interest from the date of such deposit as if such deposit constituted a Prime Rate Advance.

2.8 <u>Method and Place of Payment</u>

(a) Each payment to be made by the Borrower under this Agreement shall be made without deduction, set-off or counterclaim.

(b) All payments of principal, interest and fees hereunder shall be made for value at or before 2:00 p.m. on the day such amount is due by deposit or transfer thereof to the account of the Administrative Agent maintained at the principal office of the Administrative Agent in Toronto or such other place as the Borrower and the Administrative Agent may from time to time agree. Payments received after such time shall be deemed to have been made on the next following Banking Day.

(c) Each Lender shall be entitled to its Rateable Portion of each repayment or prepayment of principal of a Prime Rate Advance or BA Equivalent Advance or payment of the Face Amount of Bankers' Acceptances.

(d) If the Borrower is required to pay Additional Compensation to a Lender, the Borrower, at its option, may prepay all or any portion of the Advances by such Lender, without any obligation to prepay any portion of the Advances made by other Lenders to whom the Borrower is not required to pay Additional Compensation; provided, however, that any prepayment of a Bankers' Acceptance Advance shall be subject to the provisions of Section 14.2.

2.9 <u>Fees</u>

(a) During the period commencing on the date of the Closing Date and ending on the Maturity Date (the "**relevant period**") the Borrower shall pay to the Administrative Agent, for the account of the Lenders in accordance with their Rateable Portion, a fee (the "**Standby Fee**") equal to [redacted] *per annum* of the aggregate amount of the undrawn Facility (after giving effect to any cancellation and reduction pursuant to Section 2.6) available hereunder during the relevant period from day to day. The Standby Fee shall be payable quarterly, in arrears, on the third day of the month immediately following the end of each fiscal quarter and shall be based on a 365 day year.

[REDACTED - commercially sensitive information]

(b) In consideration of the Administrative Agent acting as Administrative Agent under the Loan Documents, if the Facility is assigned and/or syndicated by the Lenders after the Closing Date, the Borrower will pay to the Administrative Agent an agency fee in an amount, and on the terms and conditions, agreed to in writing by the Administrative Agent and the Borrower. All such written arrangements will constitute Loan Documents.

2.10 Conversion Options

Subject to the provisions of this Agreement (including, without limitation, Section 3.7), the Borrower may convert any type of Advance outstanding under the Facility into another type of Advance under the Facility (other than a Swingline Advance) as follows:

(a) provided that no Event of Default has occurred and is continuing, a Prime Rate Advance or a portion thereof into a Bankers' Acceptance Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. three Banking Days prior to the date of the proposed Conversion; and

(b) the Face Amount of a Bankers' Acceptance or a BA Equivalent Advance or a portion thereof into a Prime Rate Advance on the maturity date of the Bankers' Acceptance or the last day of the then current Interest Period of such BA Equivalent Advance by giving the Administrative Agent a Conversion Notice no later than 10:00 a.m. two Banking Days prior to the date of the proposed Conversion.

Notwithstanding the foregoing, if a Default has occurred and is continuing, a Conversion pursuant to Section 2.10(a) will be permitted only in the discretion of the Administrative Agent.

2.11 Execution of Notices

All Drawdown Notices, Conversion Notices, Rollover Notices and notices of repayment, prepayment or cancellation and, unless otherwise provided herein, all other notices, requests, demands or other communications to be given to the Administrative Agent by the Borrower hereunder shall be executed by any one officer or director of the Borrower.

2.12 Evidence of Debt

The Administrative Agent shall open and maintain in accordance with its usual practice books of account evidencing all Advances and all other amounts owing by the Borrower to the Administrative Agent and the Lenders hereunder. The Administrative Agent shall enter in the foregoing accounts details of every Drawdown Date, Rollover Date or Conversion Date in respect of each Advance and of all amounts from time to time owing or paid by the Borrower to the Administrative Agent on its own behalf or on behalf of the Lenders hereunder, the amounts of principal, interest and fees payable from time to time hereunder. The information entered in the foregoing accounts shall constitute, in the absence of manifest error, *prima facie* evidence of the obligations of the Borrower to the Administrative Agent and the Lenders hereunder, the date the Lenders made the Advance available to the Borrower and the amounts the Borrower has paid from time to time on account of the principal of, interest on and fees related to the Advance.

2.13 Interest on Overdue Amounts

Unless the payment of interest is otherwise specifically provided for herein, where the Borrower, the Guarantors or any of them, fail to pay any amount required to be paid by the Borrower or the Guarantors hereunder or under any other Loan Document when due (whether at stated maturity, by acceleration or otherwise) such outstanding amount shall bear interest (both before and after judgment), or by the Guarantors under the Guarantees or any other Loan Document on demand, having received notice that such amount is due, the Borrower or the Guarantors, as the case may be, shall pay interest on such unpaid amount, including overdue interest from the time such amount is due until paid at an annual rate equal to the sum of (i) 2%, plus (ii) the Applicable Margin, plus (iii) the Prime Rate in effect from time to time.

Such interest shall be determined daily, compounded monthly in arrears on the last Banking Day of each calendar month in each year and payable on demand.

2.14 Criminal Rate of Interest

Notwithstanding the foregoing provisions of this Article 2, the Borrower shall in no event be obliged to make any payments of interest or other amounts payable to the Lenders hereunder in excess of an amount or rate which would be prohibited by law or would result in the receipt by the Lenders of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)).

2.15 Compliance with the *Interest Act* (Canada)

For the purposes of this Agreement, whenever any interest is calculated on the basis of a period of time other than a calendar year, the annual rate of interest to which each rate of interest determined pursuant to such calculation is equivalent for the purposes of the *Interest Act* (Canada) is such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days used in the basis of such determination.

2.16 Nominal Rate of Interest

The parties acknowledge and agree that all calculations of interest under the Loan Documents are to be made on the basis of the nominal interest rate described herein and not on the basis of effective yearly rates or on any other basis which gives effect to the principle of deemed reinvestment of interest. The parties acknowledge that there is a material difference between the stated nominal interest rates and the effective yearly rates of interest and that they are capable of making the calculations required to determine such effective yearly rates of interest.

ARTICLE 3
BANKERS' ACCEPTANCES AND BA EQUIVALENT ADVANCES

3.1 Form of Bankers' Acceptance Advance and Interest

(a) Bankers' Acceptance Advances shall be available to the Borrower under the Facility by way of Drawdown, Conversion or Rollover by the Borrower delivering to the Administrative Agent a Drawdown Notice, Conversion Notice or Rollover Notice. To facilitate the procedures contemplated herein, the Borrower hereby irrevocably appoints each Lender from time to time as the attorney-in-fact of the Borrower to execute, endorse and deliver on behalf of the Borrower, drafts in the form prescribed by such Lender which is a Schedule I, Schedule II or Schedule III Canadian chartered bank of Bankers' Acceptances denominated in Canadian Dollars. Each Bankers' Acceptance executed and delivered by a Lender on behalf of the Borrower as provided herein shall be binding upon the Borrower as if it had been executed and delivered by a duly authorized officer or officers of the Borrower. The dates, maturity dates and principal amounts of all drafts shall be completed by the Lenders as required hereby.

(b) The Rateable Portion of any Bankers' Acceptance Advance to be made by a Lender that cannot or does not as a matter of policy issue Bankers' Acceptances may be made by way of a BA Equivalent Advance.

(c) Interest on any BA Equivalent Advance shall be calculated at a rate per annum equal to the BA Equivalent Rate, shall accrue from day to day and shall be calculated on the basis of the actual number of days in the relevant Interest Period (including the first day of each Interest Period but excluding the last day thereof) and divided by 365 or 366 days in the case of a leap year. Interest on any BA Equivalent Advance shall be payable in Canadian Dollars in advance on the first day of the Interest Period relating thereto.

3.2 Minimum Amount

The aggregate of the Face Amounts of any drafts presented under this Article 3 for any Drawdown and the principal amount of the corresponding BA Equivalent Advance shall be not less than $1,000,000 and integral multiples of $100,000 in excess thereof.

3.3 Term and Interest Periods

The term of any Bankers' Acceptance shall be specified in the draft and in the Drawdown Notice, Conversion Notice or Rollover Notice and the Interest Period for any BA Equivalent Advance shall be specified in the Drawdown Notice, Conversion Notice or Rollover Notice and the term of any Bankers' Acceptance and the Interest Period of a BA Equivalent Advance shall be for periods of approximately 30, 60, 90 or 180 days, unless otherwise agreed to by the Administrative Agent and the Lenders. The term of each Bankers' Acceptance shall mature and the Interest Period of a BA Equivalent Advance shall end on a Banking Day. The Borrower shall ensure that no Bankers' Acceptance issued hereunder shall have a maturity date after the Maturity Date and that no BA Equivalent Advance shall have an Interest Period ending after the Maturity Date.

3.4 Purchase of Drafts, Acceptance Fee and Interest

Each Drawdown of a Bankers' Acceptance Advance shall be made pursuant to a Drawdown Notice, Conversion Notice or Rollover Notice given by the Borrower to the Administrative Agent not later than 10:00 a.m. two Banking Days prior to the applicable date of Drawdown, Conversion or Rollover. Each Drawdown Notice, Conversion Notice or Rollover Notice shall be irrevocable and binding on the Borrower and shall specify the Drawdown Date, date of Conversion or date of Rollover, the sum of the aggregate Face Amount of the Bankers' Acceptances to be purchased and the aggregate principal amount of the corresponding BA Equivalent Advance, the maturity date for such drafts and the Interest Period for the BA Equivalent Advance. The Administrative Agent shall notify each Lender promptly upon receipt of any Drawdown Notice, Conversion Notice or Rollover Notice and shall advise each Lender of its Rateable Portion of the Advance, except that, if the Face Amount of a draft which would otherwise be accepted by a Lender would not be Cdn. $100,000, or an integral multiple thereof, such Face Amount shall be increased or reduced by the Administrative Agent in its sole and unfettered discretion to the nearest integral multiple of Cdn. $100,000. Not later than 12 noon on the Drawdown Date or applicable date of Conversion or Rollover, each Lender which is a Schedule I, Schedule II or Schedule III Canadian chartered bank shall complete one or more drafts in accordance with the Drawdown Notice, Conversion Notice or Rollover Notice, accept such drafts and purchase the Bankers' Acceptances thereby created for the BA Purchase Price and each Lender that cannot or does not as a matter of policy issue Bankers' Acceptances in accordance with the Drawdown Notice, Conversion Notice or Rollover Notice, shall advance its Rateable Portion of such Bankers' Acceptance Advance by way of BA Equivalent Advance less an amount equal to the interest payable on such BA Equivalent Advance for the relevant Interest Period. Bankers' Acceptances purchased by a Lender hereunder may be held by it for its own account until the maturity date or sold by it at any time prior thereto in any relevant market therefor, in such Lender's sole discretion.

3.5 Payment on Maturity

The Borrower shall pay to the Administrative Agent, for the account of the Lenders, on the maturity date of a Bankers' Acceptance and the last day of the Interest Period of a BA Equivalent Advance an amount equal to the Face Amount of such maturing Bankers' Acceptance and the principal amount of such BA Equivalent Advance; provided that the Borrower may, at its option, so reimburse the Lender, in whole or in part, by delivering to the Administrative Agent no later than 10:00 a.m. three Banking Days prior to the maturity date of a maturing Bankers' Acceptance and the last day of the Interest Period of a BA Equivalent Advance, a Rollover Notice specifying the term of the Bankers' Acceptances and the next Interest Period for such BA Equivalent Advance and presenting drafts to the Lender for acceptance and purchase having, in the case of reimbursement in whole by replacement Bankers' Acceptances and BA Equivalent Advances, an aggregate Face Amount equal to the Face Amount of the maturing Bankers' Acceptances and principal amount of the corresponding BA Equivalent Advances. The Borrower shall pay to the Administrative Agent on the maturity date of the maturing Bankers' Acceptance and the first day of the new Interest Period (i) the difference between the Face Amount of the maturing Bankers' Acceptance and the BA Purchase Price for such replacement Bankers' Acceptances and (ii) the interest payable for such Interest Period on the principal amount of the BA Equivalent Advance. In the event that the Borrower fails to deliver a Conversion Notice or Rollover Notice and fails to make payment to the Administrative Agent in respect of the maturing Bankers' Acceptance Advance, the Face Amount of the maturing Bankers' Acceptances and the principal amount of the BA Equivalent Advance forming part of such Bankers' Acceptance Advance shall be deemed to be converted to a Prime Rate Advance on the relevant maturity date.

3.6 Waiver of Days of Grace

The Borrower renounces and shall not claim any days of grace for the payment of any Bankers' Acceptance.

3.7 No Market

If the Administrative Agent determines in good faith, which determination shall be final, conclusive and binding upon the Borrower, and notifies the Borrower that by reason of circumstances affecting the Canadian money market there is no market for Bankers' Acceptances, then the right of the Borrower to request the Bankers' Acceptance Advances shall be suspended until the Administrative Agent, acting reasonably, determines that circumstances causing such suspension no longer exist and the Administrative Agent so notifies the Borrower and any notice of drawing of a Bankers' Acceptance Advance which is outstanding shall be cancelled and the drawing requested therein shall, at the option of the Borrower, either not be made or be made as a Prime Rate Advance. The Administrative Agent shall promptly notify the Borrower and the Lenders of the suspension of the Borrower's right to request a Bankers' Acceptance Advance and of the termination of any such suspension.

ARTICLE 4
LETTERS OF CREDIT

4.1 Letters of Credit

(a) If the Borrower wishes to request that a Letter of Credit be issued under the Facility, the Borrower will, at the time it delivers a Drawdown Notice pursuant to Section 2.3(a), execute and deliver to the Issuing Bank usual documentation relating to the issuance and administration of letters of credit. In the event of any inconsistency between the terms of such documentation and this Agreement, the terms of this Agreement will prevail.

(b) Each Letter of Credit issued by the Issuing Bank will be in a form and on such terms as determined by the Issuing Bank in its discretion.

(c) Unless otherwise agreed to by the Issuing Bank, no Letter of Credit may be issued for a period in excess of one calendar year, provided that, where requested by the beneficiary of such Letter of Credit, it will contain an "evergreen" clause in respect of the maturity date thereof.

(d) The undrawn face amount of all Letters of Credit issued and outstanding under the Facility at any time shall not exceed the Letter of Credit Limit.

(e) If, at any time, a demand for payment (the amount so demanded being herein referred to as a "relevant amount") is made under any Letter of Credit:

(i) the Issuing Bank will promptly notify the Administrative Agent and the Administrative Agent will promptly notify the Borrower of such demand; and

(ii) the Issuing Bank will pay the relevant amount to the Person entitled thereto on the date upon which the relevant amount becomes payable under the Letter of Credit or as soon as possible thereafter.

(f) The Borrower will be deemed to have requested a Prime Rate Advance under the Facility in an amount equal to the sum of the relevant amount and all charges and expenses incurred by the Issuing Bank in connection with payment under the Letter of Credit and the provisions of Section 2.5 will apply *mutatis mutandis*. The proceeds of such Prime Rate Advance shall be paid by the Administrative Agent to the Issuing Bank.

(g) Each Obligor hereby undertakes to indemnify and hold harmless the Administrative Agent and the Issuing Bank from and against all liabilities and costs (including any costs incurred in funding any amount that falls due from the Issuing Bank under any Letter of Credit hereunder) to the extent that such liabilities or costs are not satisfied or compensated by the payment of interest on sums due pursuant to this Agreement in connection with any Letter of Credit.

(h) The Issuing Bank will at all times be entitled, and is irrevocably authorized by the Borrower, to make any payment under a Letter of Credit for which a request or demand has been made in the required form without any further reference to the Borrower and any investigation or enquiry, need not concern itself with the propriety or validity of any claim made or purported to be made under the terms of such Letter of Credit (except as to compliance with the payment conditions of such Letters of Credit) and will be entitled to assume that any Person expressed in such Letter of Credit as being entitled to make demand or receive payments thereunder is so entitled. Accordingly, so long as a request or demand has been made as aforementioned, it will not be a defence to any demand made of the Borrower hereunder, nor will the obligations of the Borrower hereunder be impaired by the fact (if it be the case) that the Issuing Bank was or might have been justified in refusing payment, in whole or in part, of the amounts so claimed.

(i) A certificate of the Administrative Agent or the Issuing Bank or both of them as to the amounts paid by the Issuing Bank pursuant to this Section 4.1 or the amount paid under any Letter of Credit will, in the absence of manifest error, be *prima facie* evidence of the existence and amount of such payment in any legal action or proceeding arising out of or in connection herewith.

(j) The Borrower will pay to the Issuing Bank, a fee equal to the greater of (a) $250, and (b) the amount determined based on the Letter of Credit Fee Rate and the face amount of such Letter of Credit in Canadian Dollars, calculated on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as applicable (such fee shall be payable quarterly in arrears on the first Banking Day of the month following the end of each calendar quarter on the basis of a calendar year for the number of days from the later of (y) the date of issuance and (z) the last day of the prior calendar quarter). In addition, the Borrower shall pay to the Issuing Bank its standard issuance, drawing, registration, amendment, communication and other processing and out of pocket fees for issuing Letters of Credit.

(k) If any Letter of Credit is outstanding upon the occurrence of an Event of Default or on the Maturity Date, the Borrower will forthwith pay to the Administrative Agent an amount (the "deposit amount") equal to 105% of the undrawn face amount of the outstanding Letter of Credit, which deposit amount will be held by the Administrative Agent for application against the indebtedness owing by the Borrower to the Issuing Bank in respect of any draw on the outstanding Letter of Credit, or such alternate security as the Borrower and the Issuing Bank may agree. In the event that the Issuing Bank is not called upon to make full payment on the outstanding Letter of Credit prior to its expiry date, the deposit amount, or any part thereof that has not been paid out, will, so long as no Event of Default then exists, be returned to the Borrower.

(l) The obligations of the Borrower with respect to Letters of Credit will be unconditional and irrevocable, and must be paid or performed strictly in accordance with the terms of this Agreement under all circumstances, including the following circumstances:

(i) any lack of validity or enforceability of any Loan Document or the Letter of Credit;

(ii) any amendment or waiver of or any consent to or actual departure from this Agreement;

(iii) the existence of any claim, right of compensation, set-off, defence or other right which the Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any Persons for which any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person or entity, whether in connection with this Agreement, the transactions contemplated herein or in any other agreements or any unrelated transactions;

(iv) any document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect except for non-compliance with the payment conditions of such Letter of Credit; or

(v) any other circumstance whatsoever, whether or not similar to any of the foregoing, except for non-compliance with the payment conditions of such Letter of Credit (but subject to Section 4.1(h) above).

(m) At the option of the Issuing Bank, either the *Uniform Customs and Practice* for documentary credits or *International Standby Practices*, each published by the International Chamber of Commerce, current on the issue of each Letter of Credit will be binding on the Borrower, the Lenders and the Issuing Bank with respect to each such Letter of Credit. The Borrower assumes all risks of the acts or omissions of the beneficiary of each Letter of Credit with respect to such Letter of Credit. In furtherance of, and not in limitation of, the Issuing Bank's rights and powers under such *Uniform Customs and Practice* or *International Standby Practices*, as applicable, but subject to all other provisions of this Section 4.1, it is understood that the Issuing Bank will not have any liability for, and that the Borrower assumes all responsibility for: (i) the genuineness of any signature, (ii) the form, validity, genuineness, falsification and legal effect of any draft, certification or other document required by a Letter of Credit or the authority of the Person signing the same, (iii) the failure of any instrument to bear any reference or adequate reference to a Letter of Credit or the failure of any Person to note the amount of any instrument on the reverse of a Letter of Credit or to surrender a Letter of Credit, (iv) the good faith or acts of any Person other than the Issuing Bank and its agents and employees, (v) the existence, form or sufficiency or breach or default under any agreement or instrument of any nature whatsoever, (vi) any delay in giving or failure to give any notice, demand or protest, and (vii) any error, omission, delay in or non-delivery of any notice or other communication, however sent. The determination as to whether the required documents are presented prior to the expiration of a Letter of Credit and whether such other documents are in proper and sufficient form for compliance with a Letter of Credit will be made by the Issuing Bank in its discretion, which determination will be conclusive and binding upon the Borrower absent manifest error. The Issuing Bank may honour, as complying with the terms of a Letter of Credit and this Agreement, any documents otherwise in order and signed or issued by the beneficiary thereof. Any action, inaction or omission on the part of the Issuing Bank under or in connection with any Letter of Credit or any related instrument or document, if in good faith and in conformity with such laws, regulations or commercial or banking customs as the Issuing Bank may reasonably deem to be applicable, will be binding upon the Borrower, and will not affect, impair or prevent the vesting of any of the Issuing Bank's rights or powers hereunder or the Borrower's obligation to make full reimbursement of amounts drawn under the Letters of Credit.

ARTICLE 5
CHANGE OF CIRCUMSTANCES
AND INDEMNIFICATION, TAXES

5.1 Increased Costs

In the event of any Change in Law which now or hereafter:

(a) subjects (whether directly, or as a result of any withholding or deduction by the Borrower) a Lender to any Tax or changes the basis of taxation, or increases any existing Tax (in each case, except for Taxes and Other Taxes covered by Section 5.3) including any other Tax that is payable by the Lender on, or required by Applicable Law to be withheld by the Borrower from, any Additional Compensation, as hereinafter defined, on payments of principal, interest or other amounts payable by the Borrower to such Lender under any Loan Document or on or by reference to the amount of any Advances made or to be made by any Lender hereunder under either Facility or on or by reference to the Commitment of any Lender under either Facility, or

(b) imposes, modifies or deems applicable any reserve, special deposit or similar requirements or otherwise imposes any cost on any Lender in funding or maintaining all or any of the Advances or its Commitment under either Facility, or

(c) will have the effect of increasing the amount of overall capital required to be maintained by a Lender, taking into account the existence of such Lender's participation in any Advance under either Facility or any of its obligations under any Loan Document (including, without limitation, all or any part of its Commitment),

and the result of any of the foregoing is to increase the cost to a Lender, reduce the income receivable by it or reduce the effective return on the capital of such Lender in respect of any Advances and/or its Commitment to an extent which such Lender, acting in good faith, believes to be material, the Lender shall give notice thereof to the Administrative Agent and the Administrative Agent shall give notice thereof to the Borrower (herein called a "**Notice of Amount**") stating the event by reason of which it believes it is entitled to Additional Compensation, such cost and/or such reduction in such return (or such proportion of such reduction as is, in the reasonable and bona fide opinion of such Lender, attributable to its obligations hereunder) the amount of such Additional Compensation (as hereinafter defined) incurred by such Lender and supplying reasonable supporting evidence (including, in the event of change of Applicable Law, a photocopy of the Applicable Law evidencing such change) together with a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis of calculation of such Additional Compensation; provided that the Lender shall not be required to disclose any information required to be kept confidential by Applicable Law. In the event the Lender subsequently recovers all or part of the Additional Compensation paid by the Borrower, it shall repay an equal amount to the Borrower. The Borrower shall pay to the Lender, within 10 Banking Days of the date of receipt of any Notice of Amount, the amount specified in such Notice of Amount ("**Additional Compensation**"). The obligation to pay such Additional Compensation for subsequent periods will continue until the earlier of termination of the Advance or the Commitment affected by the Change in Law or the lapse or cessation of the Change in Law giving rise to the initial Additional Compensation. A Lender shall make reasonable efforts to limit the incidence of any such Additional Compensation and seek recovery for the account of the Borrower upon the Borrower's request at the Borrower's expense, provided such Lender in its reasonable determination suffers no appreciable economic, legal, regulatory or other disadvantage.

5.2 Illegality

If, with respect to any Lender, the implementation of any existing provision of Applicable Law or the adoption of any Applicable Law, or any change therein or in the interpretation or application thereof by any court or by any statutory board or commission now or hereafter makes it unlawful for such Lender to make, fund or maintain all or any portion of an outstanding Advance, to maintain all or any part of its Commitment hereunder or to give effect to its obligations in respect of all or any portion of an outstanding Advance, such Lender may, by written notice thereof to the Borrower and the other Lenders (supported, at the request and expense of the Borrower, by an opinion of such Lender's counsel), declare the obligations of such Lender under this Agreement to be terminated whereupon the same shall forthwith terminate, and the Borrower shall repay within the time required by such law (or as promptly as practicable if already unlawful or at the end of such longer period, if any, as such Lender in its bona fide opinion may agree) the principal of the Advances made by such Lender. If any such change shall affect only that portion of such Lender's obligations under this Agreement that is, in the bona fide opinion of such Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of such Lender or the Borrower hereunder, such Lender shall declare its obligations under only that portion so terminated.

5.3 Taxes; Withholding, etc.

(a) **Payments to Be Free and Clear**. All sums payable by any Obligor hereunder and under the other Loan Documents shall (except to the extent required by Applicable Law) be paid free and clear of, and without any deduction or withholding on account of, any Tax (including Other Taxes but excluding Excluded Taxes) imposed, levied, collected, withheld or assessed by or within Canada or any political subdivision in or of Canada or any other jurisdiction from or to which a payment is made by or on behalf of any Obligor or by any federation or organization of which Canada or any such jurisdiction is a member at the time of payment.

(b) **Withholding of Taxes**. If any Obligor or any other Person is required by Applicable Law to make any deduction or withholding on account of any such Tax (including Other Taxes but excluding Excluded Taxes) from any sum paid or payable by any Obligor to the Administrative Agent or any Lender hereunder or under any of the Loan Documents: (i) the Borrower shall notify Administrative Agent of any such requirement or any change in any such requirement as soon as the Borrower becomes aware of it; (ii) the Borrower shall pay any such Tax (including Other Taxes but excluding Excluded Taxes) before the date on which penalties attach thereto, such payment to be made (if the liability to pay is imposed on any Obligor) for its own account or (if that liability is imposed on the Administrative Agent or such Lender, as the case may be) on behalf of and in the name of the Administrative Agent or such Lender; (iii) the sum payable by such Obligor in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment, the Administrative Agent or such Lender, as the case may be, receives on the due date a net sum equal to what it would have received had no such deduction, withholding or payment been required or made; and (iv) within thirty days after paying any sum from which it is required by Applicable Law to make any deduction or withholding, and within thirty days after the due date of payment of any Tax (including Other Taxes but excluding Excluded Taxes) which it is required by clause (ii) above to pay, the Borrower shall deliver to Administrative Agent evidence satisfactory to the other affected parties of such deduction, withholding or payment and of the remittance thereof to the relevant taxing or other authority.

(c) **Treatment of Certain Refunds and Tax Reductions**. If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower or a Guarantor has paid additional amounts pursuant to this Agreement or that, because of the payment of such Taxes or Other Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower or Guarantor, as applicable, an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or such Guarantor under this Agreement with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any net after-Tax interest paid by the relevant Governmental Authority with respect to such refund). The Borrower or Guarantor, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower or such Guarantor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender if the Administrative Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

(d) **Payment of Taxes**. In addition, the Borrower agrees to pay any Tax (including Other Taxes but excluding Excluded Taxes) that arise from any payment made hereunder or under any of the Loan Documents or from the execution, sale, transfer, delivery or registration of, or otherwise with respect to, any of the Loan Documents. The Administrative Agent and each Lender agree that, as promptly as reasonably practicable after it becomes aware of any circumstances referred to above which would result in additional payments under this Section 5.3(d), it shall notify the Borrower thereof. The Borrower hereby indemnifies the Administrative Agent and Lender for the full amount of any Tax (other than Excluded Taxes) paid by the Administrative Agent or such Lender and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Tax was correctly or legally asserted.

ARTICLE 6
CONDITIONS PRECEDENT TO DRAWDOWN

6.1 Conditions for Drawdown

The following conditions shall be satisfied by the Borrower on or prior to the Closing Date:

(a) this Agreement and the Borrower's Security Documents, in form and on terms satisfactory to the Lenders, shall have been duly authorized, executed and delivered to the Administrative Agent by the Borrower and shall constitute legal, valid and binding obligations of the Borrower;

(b) the Guarantees and the Guarantors' Security Documents, in form and on terms satisfactory to the Lenders, shall have been duly authorized, executed and delivered by each of the Guarantors to the Administrative Agent and shall constitute legal, valid and binding obligations of each of the Guarantors;

(c) the Administrative Agent and the Lenders shall have received annual audited consolidated financial statements prepared in accordance with GAAP for the fiscal year ended December 31, 2015, and unaudited consolidated financial statements for the fiscal quarter ended September 30, 2016, in each case in respect of the Parent Guarantor;

(d) the Borrower shall have delivered to the Administrative Agent, in sufficient quantities for each of the Lenders, certified copies of the Limited Partnership Agreement, the resolution authorizing this Agreement and the Borrower's Security Documents and the incumbency of officers signing this Agreement and any documents to be provided pursuant to the provisions hereof and a certificate of compliance, good standing or like certificate with respect to the Borrower issued by appropriate government officials of the jurisdiction of its organization;

(e) each of the Guarantors shall have delivered to the Administrative Agent, in sufficient quantities for each of the Lenders, certified copies of its constating documents and by-laws or the equivalent in each jurisdiction the director and/or shareholder resolutions (as applicable) authorizing the Guarantees and the Guarantors' Security Documents, and the incumbency or authority of officers signing each Guarantee and each Guarantors' Security Document and any documents to be provided pursuant to the provisions hereof or thereof and a certificate of status, good standing or like certificate with respect to the Guarantor issued by appropriate officials of the jurisdiction of its organization or incorporation;

(f) the representations and warranties set forth in Section 9.1 shall be true and correct in all respects on and as of the Drawdown Date, both before and after giving effect to the Drawdown of such Advance and to the application of proceeds therefrom, by reference to the facts and circumstances then existing;

(g) no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur as a result of making the Advances or the application of proceeds therefrom and the Borrower shall have delivered an Officer's Certificate to such effect;

(h) the Borrower shall have delivered to the Administrative Agent a Borrowing Base Certificate as of the Closing Date including a calculation of Lending Value for each of the Properties;

(i) the Administrative Agent shall be satisfied with the amount, types and terms and conditions of all insurance maintained by the Royale Group Members in respect of the Properties, and the Lenders shall have received (i) the Independent Insurance Consultant report satisfactory to the Administrative Agent with respect to the adequacy of insurance maintained and compliance thereof with the requirements of the Loan Documents and (ii) endorsements naming the Administrative Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be, under all insurance policies to be maintained with respect to the Properties in accordance with the terms of the Loan Agreement;

(j) the Borrower shall have delivered to the Administrative Agent a Compliance Certificate evidencing, *inter alia*, that, as of the Closing Date, the Borrower and the Parent Guarantor are in compliance with its covenants in Section 10.3 determined on a *pro forma* basis after giving effect to any Advances to be made hereunder;

(k) the Borrower shall have delivered to the Administrative Agent:

  (i) an up to date survey for each Property signed by a land surveyor or, in lieu thereof, survey title insurance coverage acceptable to the Administrative Agent;

  (ii) an Acceptable Appraisal for each Property indicating its Appraised Value together with reliance letters in favour of the Lenders;

  (iii) environmental site assessment reports for each Property together with reliance letters in favour of the Lenders;

  (iv) certified copies of all standard form Leases currently used in respect of the Properties;

  (v) a property condition report for each Property;

(vi) a certified rent roll in respect of each Property setting out, in respect of each tenant, the legal name of such tenant, suite or unit number, net leaseable area, date of initial occupancy, lease expiry date and monthly basic rent and additional rent or charges;

(vii) operating statements for each Property for each of the most recently completed three fiscal years together with operating statements for each Property for year-to-date;

(viii) the projected operating budget, including any planned capital expenditures, for each Property for the fiscal year ending December 31, 2017; and

(ix) a certified copy of the Easement Agreement;

in each case in form and substance satisfactory to Administrative Agent and the Lenders and (in the case of the appraisals, studies and reports) either addressed to the Lead Arranger, the Administrative Agent and the Lenders or accompanied by reliance letters entitling the Lead Arranger, the Administrative Agent and the Lenders to rely on such reports;

(l) the Borrower shall have delivered to the Administrative Agent certified copies of all Material Agreements and all Material Permits and all such Material Agreements and Material Permits shall be in form and substance satisfactory to the Administrative Agent;

(m) the Borrower shall have delivered to the Administrative Agent copies of search reports agreed upon by Lenders' Counsel and the Borrower, current as of a date reasonably near to the Closing Date, listing all effective financing statements which name any Obligor (or any general partner of an Obligor) (under its present name and any previous names) as the debtor, together with copies of such financing statements (none of which shall, except with respect to Permitted Encumbrances, evidence an Lien on any Charged Property);

(n) the Borrower shall have delivered to the Administrative Agent releases and discharges (in registrable form where appropriate), covering all Liens affecting the Charged Property which are not Permitted Encumbrances in all applicable jurisdictions, and all statements and acknowledgments that are reasonably required in respect of other security interests affecting the Charged Property of any Obligor to confirm that they are Permitted Encumbrances;

[REDACTED - commercially sensitive information]

(o) the Obligors shall have repaid (or made satisfactory arrangements for the repayment of) all Debt outstanding under the loan agreement with the Bank of Montreal in respect of the [redacted] [redacted] and discharged any Liens thereunder, including with respect to the [redacted], and shall have delivered evidence satisfactory to the Administrative Agent of such repayment and discharge;

(p) the Administrative Agent and the Lenders being reasonably satisfied that all material approvals and consents, including all court, regulatory and governmental approvals and consents have been obtained in order to complete the transactions contemplated by the Loan Documents;

(q) the Administrative Agent and the Lenders being satisfied that there is no pending or threatened judicial, administrative or other proceedings, investigations or litigation which seek to adjourn, delay, enjoin, prohibit or impose material limitations on any aspect of the transactions contemplated by the Loan Documents or which has, or could reasonably be expected to have a Material Adverse Effect;

(r) the Administrative Agent and the Lenders shall be satisfied that the execution and delivery by the Parent Guarantor and each of the Royale Group Members and the performance by them of their respective obligations under, and compliance with the terms, conditions and provisions of this Agreement and each other Loan Document to which each is a party will not conflict with or result in a breach of any of the terms, conditions or provisions of: (i) its constating documents (including without limitation articles of association, amalgamation or incorporation, by-laws, partnership agreement, shareholders' agreement or other organizational documents, as the case may be); (ii) any Applicable Law; (iii) any Material Agreement, Material Permit or any material contractual restriction binding on or affecting it or its business or assets; or (iv) any material judgment, injunction, determination or award which is binding on it;

(s) the Borrower shall have given a Drawdown Notice to the Administrative Agent in accordance with the provisions of Section 2.3;

(t) the Administrative Agent and Lenders' Counsel shall be satisfied that all registrations and other actions necessary to perfect the security interest created by the Security Documents and maintain the first priority of the Lien in favour of the Lenders have been made have been made;

(u) legal opinions of counsel to the Borrower and the Guarantors (including, where no title insurance is obtained for the Properties, title opinions in respect of the Properties) addressed to the Administrative Agent and the Lenders, in form and substance satisfactory to the Lenders, shall have been delivered to the Administrative Agent;

(v) the Administrative Agent and the Lenders shall be satisfied with the Borrower's interest rate hedging strategy;

(w) all fees and expenses (including the reasonable legal fees and disbursements of Lenders' Counsel, and local counsel engaged by Lenders' Counsel on behalf of the Administrative Agent and the Lenders) payable under or in connection with the Loan Documents shall have been paid in full, or provision satisfactory to the Administrative Agent in its sole discretion for such payment have been made;

(x) the Administrative Agent and the Lenders shall have received such "know your customer" documentation as the Administrative Agent or the Lenders may reasonably request;

(y) the Administrative Agent and the Lenders shall have completed their legal, tax, financial and business due diligence with respect to the Obligors and the Properties with results satisfactory to them (including without limitation site visits, reviews of title, reviews of building condition reports, appraisal reports, engineering reports, market feasibility studies, zoning and by-law compliance and environmental reports);

(z) nothing shall have occurred (nor shall the Administrative Agent or any Lender become aware of any facts not previously known), which the Administrative Agent or the Lenders determine is reasonably likely to have a Material Adverse Effect since September 30, 2016;

(aa) the Administrative Agent and the Lenders shall be satisfied that with respect to the Properties, or any part thereof, there shall be no unpaid Taxes, fees or assessments of any kind or nature whatsoever that are delinquent or otherwise due and payable, and the Administrative Agent and the Lenders shall have received evidence from the applicable Governmental Authorities that there are no such unpaid Taxes that are delinquent or otherwise due and payable;

(bb) the Administrative Agent and Lenders' Counsel shall have received Land Title Office, Personal Property Registry and such other searches as the Lenders consider appropriate, acting reasonably, in respect of the Properties, the other Charged Property, the Borrower and each Guarantor as of a time and date satisfactory to the Lenders (acting reasonably) confirming (i) registration of the Security Documents or financing statements or other appropriate filings or notices in respect thereof, and (ii) that no Liens (other than Permitted Encumbrances) are registered against or charge any such Person, the Properties or any of the other Charged Property;

(cc) the Administrative Agent shall have received a title insurance policy in respect of each of the Properties from First Canadian Title Insurance Company in an amount and otherwise in form and substance satisfactory to the Lenders;

(dd) all proceedings to be taken by the Borrower and the Guarantors in connection with the transactions contemplated by this Agreement and all documents incidental thereto shall be reasonably satisfactory in form and substance to the Lenders and the Administrative Agent.

The conditions set forth in this Section 6.1 are inserted for the sole benefit of the Lenders and may be waived by the Lenders in whole or in part, with or without terms or conditions.

6.2 <u>Conditions for Subsequent Drawdowns</u>

The following conditions shall be satisfied by the Borrower at or prior to the time of each Drawdown of an Advance under the Facility (other than a deemed Drawdown of a Prime Rate Advance pursuant to the provisions of Section 2.4(c), Section 3.5 or Section 4.1(f) subsequent to the first Drawdown):

(a) the Borrower shall have given to the Administrative Agent a Drawdown Notice in accordance with the provisions of Section 2.3(a), other than in connection with a Swingline Advance;

(b) the representations and warranties set forth in Section 9.1 and each of the other Loan Documents shall be deemed to have been given on the Drawdown Date and shall be, *mutatis mutandis*, true and correct in all material respects on and as of the Drawdown Date, both before and after giving effect to the Drawdown of such Advance and to the application of proceeds therefrom (except to the extent such representations and warranties relate to a different date, in which case such representations and warranties shall be true and correct in all material respects on and as of such date);

(c) no Default or Event of Default shall have occurred and be continuing, nor shall any such event occur as a result of making the Advances or the application of proceeds therefrom; and

(d) nothing shall have occurred (nor shall the Administrative Agent or any Lender become aware of any facts not previously known), which the Administrative Agent or the Lenders determine is reasonably likely to have a Material Adverse Effect since September 30, 2016.

The conditions set forth in this Section 6.2 are inserted for the sole benefit of the Lenders and may be waived by the Majority of the Lenders in whole or in part, with or without terms or conditions.

ARTICLE 7
GUARANTEES

7.1 Guarantors to Provide Guarantees

(a) Each Guarantor and each Subsidiary of the Borrower or the General Partner which becomes a Subsidiary after the date hereof shall guarantee to each of the Finance Parties the due and punctual payment of all debts, liabilities and obligations of the Obligors arising hereunder pursuant to a Guarantee and shall duly authorize, execute and deliver to the Administrative Agent the Guarantee and the Guarantors' Security Documents in such other form and terms as are satisfactory to the Administrative Agent, acting reasonably.

(b) Each Guarantor shall deliver to the Administrative Agent certified copies of those documents listed in Section 6.1(e) in respect of each Guarantor to the extent not provided pursuant to such Sections.

(c) Each Guarantor shall deliver an opinion of its counsel, addressed to the Finance Parties, in form and substance satisfactory to the Administrative Agent.

(d) Without limiting the foregoing or any other provision contained in any Loan Document, the Guarantees shall not apply to any liability to the extent that it would result in such Guarantee constituting unlawful financial assistance or is otherwise prohibited by or under, in each case, Applicable Law binding on the Guarantor.

ARTICLE 8
SECURITY

8.1 Borrower's Security Documents

As security for all Advances made to it and as security for all its other liability or indebtedness, both present and future, hereunder or under any other Loan Document the Borrower shall deliver, or cause to be delivered, to the Administrative Agent, as agent for, *inter alia*, the Finance Parties, the following documents (collectively, the "**Borrower's Security Documents**"):

(a) a general security agreement or other documents providing for a first charge and security interest, subject to Permitted Encumbrances, on all the then present and future real property, personal property, fixed assets, equipment, accounts receivable, Contracts, Permits, Intellectual Property and all other assets and undertaking of the Borrower including shares of all of its Subsidiaries;

(b) a first ranking mortgage and charge in the principal amount of $125,000,000 granted by the registered owner of each of the Properties and registered against each of the Properties in favour of the Administrative Agent;

(c) for each Property for which the registered owner of the Property is not also the beneficial owner of the Property, a beneficial owner acknowledgement and direction pursuant to which, *inter alia*, the beneficial owner mortgages and charges the beneficial interest in the Property in favour of the Administrative Agent;

(d) a first ranking general assignment of all leases and rents registered against each of the Properties in favour of the Administrative Agent; and

(e) such other documents as the Administrative Agent may now or hereafter reasonably require to give effect to, register and perfect the security interests created by the documents referred to in this Section 8.1, in the jurisdiction where such charged assets are located.

8.2 **Guarantors' Security Documents**

As security for all its liability and indebtedness under the Guarantees and each other Loan Document, each of the Guarantors shall deliver to the Administrative Agent, as agent for, *inter alia*, the Finance Parties (collectively, the "Guarantors' Security Documents"):

(a) in the case of the Parent Guarantor, a pledge agreement or other documents providing for a first charge and security interest on all the then present and future interest the Parent Guarantor holds in any other Obligor (including the Borrower and the General Partner);

(b) in the case of each Guarantor (other than the Parent Guarantor), a general security agreement or other documents providing for a first charge and security interest, subject to Permitted Encumbrances, on all the then present and future real property, personal property, fixed assets, equipment, accounts receivable, Contracts, Permits, Intellectual Property and all other assets and undertaking of such Guarantor; and

[REDACTED - commercially sensitive information]

(c) such other documents (including in respect of the [redacted], a beneficiary authorization and direction) as the Administrative Agent may now or hereafter reasonably require to give effect to, register and perfect the security interests created by the documents referred to in Section 8.2, in the jurisdiction where such charged assets are located.

8.3 **Additional Security Documents**

The Borrower and each Guarantor shall execute all such further documentation as may be reasonably necessary from time to time to permit the Administrative Agent, on behalf of the Finance Parties, to take, register and perfect and maintain security interests to which the Finance Parties are entitled pursuant to Sections 8.1 or 8.2 in any property or assets presently owned or hereafter acquired by any of them or as necessary following any restructuring or merger, amalgamation or reorganization permitted pursuant to Article 13.

ARTICLE 9
REPRESENTATIONS AND WARRANTIES

9.1 Representations and Warranties

The Borrower and the Parent Guarantor jointly and severally represent and warrant as follows to the Finance Parties and acknowledge and confirm that the Finance Parties are relying upon such representations and warranties:

(a) **Existence and Standing**. The Parent Guarantor and each Royale Group Member is a corporation, partnership or other entity, as the case may be, incorporated or organised and subsisting under the laws of its jurisdiction of incorporation or organization and has all requisite corporate or other constitutional power and authority to own, hold under licence or lease its property, undertaking and assets and to carry on its business as now conducted and the transactions contemplated by this Agreement and each other Loan Document to which it is a party.

(b) **Corporate Power**. The Parent Guarantor and each Royale Group Member has all requisite corporate, partnership or other constitutional power and authority to enter into and perform its obligations under this Agreement and each other Loan Document to which it is a party, and to do all acts and things and execute and deliver all other documents and instruments as are required hereunder or thereunder to be done, observed or performed by it in accordance with the terms hereof and thereof.

(c) **Conflict with Other Instruments, etc**. The execution and delivery by the Parent Guarantor and each of the Royale Group Members and the performance by them of their respective obligations under, and compliance with the terms, conditions and provisions of this Agreement and each other Loan Document will not conflict with or result in a breach of any of the terms, conditions or provisions of: (i) its constating documents (including without limitation articles of association, amalgamation or incorporation, by-laws, partnership agreement, shareholders' agreement or other organizational documents, as the case may be); (ii) any Applicable Law; (iii) any Material Agreement, Material Permit or any material contractual restriction binding on or affecting it or its business or assets; or (iv) any material judgment, injunction, determination or award which is binding on it, in each such case except to the extent that such breach could not reasonably be expected to result in a Material Adverse Effect.

(d) **Corporate Action, Governmental Approvals, etc.** The execution and delivery by the Parent Guarantor and each of the Royale Group Members of this Agreement and each of the Loan Documents to which it is a party, and the performance by it of their obligations hereunder and thereunder have been duly authorized by all necessary corporate, partnership or other action including, without limitation, the obtaining of all necessary shareholder, partnership or other material and relevant consents. No authorization, consent, approval, registration, qualification, designation, declaration or filing with any Governmental Authority or other Person, is or was necessary in connection with the execution, delivery and performance of the Parent Guarantor's or any of the Royale Group Members' obligations under this Agreement or the other Loan Documents to which it is a party, except such as are in full force and effect, unamended at the date hereof or where failure to obtain same could not reasonably be expected to have a Material Adverse Effect.

(e) **Due Execution; Validity and Enforceability; Defaults**. This Agreement and each other Loan Document to which the Parent Guarantor or any of the Royale Group Members is a party has been duly executed and delivered, as the case may be, by the Parent Guarantor and each of the Royale Group Members which is a party thereto and constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms (except as such enforceability may be limited by the availability of equitable remedies and the effect of bankruptcy, insolvency or similar laws affecting the enforcement of creditor's rights generally), is (or will be immediately upon the execution thereof by such Person) in full force and effect, and the Parent Guarantor and each of the Royale Group Members has performed and complied in all material respects with all the terms, provisions, agreements and conditions set forth herein and therein and required to be performed or complied with by the Parent Guarantor or the Royale Group Members, as the case may be.

(f) **Permits, etc.** All Permits of the Parent Guarantor and each of its Subsidiaries including each of the Royale Group Members which are necessary to enter into and perform their obligations under this Agreement, the Loan Documents (and the transactions contemplated hereby and thereby) and to properly conduct their respective business as of and after the Closing Date are in full force and effect and none of the Parent Guarantor or any of its Subsidiaries including each of the Royale Group Members is in default with respect thereto, except where the absence of such Permit, the failure to maintain such Permit in full force and effect, or the default thereunder could not reasonably be expected to result in a Material Adverse Effect. The Permits described in Schedule 9.1(f), or as hereafter disclosed pursuant to Section 10.1(c)(vi), are the only Permits necessary to properly conduct the business of the Parent Guarantor and the Royale Group Members, the absence of which could reasonably be expected to result in a Material Adverse Effect.

(g) **Litigation and Other Proceedings**. Except as set forth in Schedule 9.1(g), or as hereafter disclosed pursuant to Section 10.1(c)(ii), there is no litigation, arbitration, claim, dispute (whether labour, industrial or otherwise), governmental investigation, proceeding or inquiry pending or, to its knowledge, threatened against or affecting the Parent Guarantor or any of its Subsidiaries (including the

Royale Group Members) which could reasonably be expected to result in a Material Adverse Effect.

(h) **Ownership of Assets**. The Parent Guarantor and each of the Royale Group Members have good and marketable title to their respective assets (including all Charged Property), in each case free and clear of all Liens other than Permitted Encumbrances.

(i) **Ownership of Assets**. Each of the Subsidiaries of Parent Guarantor has good and marketable title to their respective assets.

(j) **Subsidiaries, etc.** Each of the Borrower, the General Partner and each other Guarantor (other than the Parent Guarantor) is a wholly-owned Subsidiary of the Parent Guarantor. Schedule 9.1(j) sets forth a complete list and a description (including an organizational chart) of the ownership interest of the Parent Guarantor (directly or indirectly) in any other Person as at the date hereof, the jurisdiction of organization of the Parent Guarantor and its Subsidiaries and all of their names and, in respect of the Obligors, all predecessor or former names. Except as set forth in Schedule 9.1(j), or as hereafter disclosed pursuant to Section 10.1(c)(vi), (i) the Parent Guarantor is the beneficial owner of all of the issued and outstanding Equity Securities of each such Person; (ii) no Person has any right or option to purchase or otherwise acquire any of the issued and outstanding Equity Securities of any such Person directly or indirectly held by the Parent Guarantor; and (iii) the Parent Guarantor does not own or hold any Equity Securities of, or any other ownership interests in, directly or indirectly, any other Person. Except as disclosed in Schedule 9.1(j), or as hereafter disclosed pursuant to Section 10.1(c)(vi), none of the Parent Guarantor or any of its Subsidiaries is a party to any unanimous shareholders', shareholders, partnership or other agreement relating to shares or other Equity Securities in the Parent Guarantor or any Royale Group Member.

(k) **Place of Business**. Except as hereafter disclosed pursuant to Section 10.1(c)(vi), the only jurisdictions (or registrations districts within such jurisdictions) in which the Parent Guarantor and the Royale Group Members have any place of business or store any tangible personal property are set out in Schedule 9.1(k). Schedule 9.1(k) sets out (i) the address of each of chief executive office, registered office and principal place of business of the Parent Guarantor and each of the Royale Group Members; and (ii) the addresses of all other locations in which the Parent Guarantor and each of the Royale Group Members (A) maintains any books or records relating to any accounts, contract rights, chattel paper, intangibles or equipment or inventory normally used in more than one jurisdictions or (B) issues accounts or invoices.

(l) **No Default Under this Agreement**. No Default or Event of Default has occurred and is continuing.

(m) **Material Agreements**. Except as set out in Schedule 9.1(m) or hereafter disclosed pursuant to Section 10.1(c)(vi), neither the Parent Guarantor nor any of the Royale Group Members is party to any Contract which is a Material Agreement. All Material Agreements are in full force and effect, unamended, and neither the Parent Guarantor nor any of the Royale Group Members nor any of their Subsidiaries, or to the Borrower's or the Parent Guarantor's knowledge, any other party to any such agreement is in material default with respect thereto.

(n) **Compliance with Other Legal Obligations**. Neither the Parent Guarantor nor any of its Subsidiaries including each of the Royale Group Members is in violation of any Applicable Law, contractual obligation howsoever arising (whether under Contract or otherwise), judgment or decree, relating in any way to it, to the present or future operation of its business or to its assets, the breach or violation of which could reasonably be expected to result in a Material Adverse Effect.

(o) **Taxes**. The Parent Guarantor and each of its Subsidiaries including each of the Royale Group Members have filed or caused to be filed all tax returns which are required to have been filed, and have paid all Taxes shown to be due and payable on said returns or on any assessments or reassessments made against it or any of its property and all other Taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than those the amount or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided in its books); and no tax Liens have been filed and, to the knowledge of the Borrower and the Parent Guarantor, no claims are being asserted with respect to any such Taxes, fees or other charges which could reasonably be expected to result in a Material Adverse Effect.

(p) **Financial Statements**. The financial statements of the Parent Guarantor and the Borrower which have been provided to the Administrative Agent pursuant to Sections 6.1(c), 10.1(a)(i) and/or 10.1(a)(ii) are complete in all material respects, and fairly present the consolidated financial condition and business operations of the Parent Guarantor in all material respects and are prepared in accordance with GAAP (subject, in the case of any interim financial statements, to normal yearend adjustments).

(q) **Pension Plan Matters, Etc.** Schedule 9.1(q) sets forth all Canadian Employee Plans in existence as of the date hereof and sponsored, administered, mandated or contributed by or required to be contributed by any Royale Group Member or with respect to which any Royale Group Member has or could have any obligation or liability, contingent or otherwise in respect of its Canadian employees or former employees and their dependants and beneficiaries. No Canadian Employee Plan provides for medical, life or other welfare benefits (through insurance or otherwise), with respect to any current or former employee of the Parent Guarantor or any of its Subsidiaries including each Royale Group Member thereof after retirement or other termination of service (other than coverage under any employment agreement or mandated by Applicable Law regarding continuation coverage), or is a Canadian Pension Plan.

(r) **Environmental Matters**. Except as disclosed in writing to the Administrative Agent and the Lenders prior to the Closing Date:

(i) neither the Parent Guarantor nor any of its Subsidiaries including the Royale Group Members has knowledge of any Environmental Claim or has received any notice of any Environmental Claim, and no proceeding has been instituted raising any Environmental Claim against the Parent Guarantor or any of its Subsidiaries including each of the Royale Group Members or any of their respective real properties now or formerly owned, leased or operated by any of them or other assets, alleging any damage to the environment or violation of any Environmental Laws, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(ii) neither the Parent Guarantor nor any of its Subsidiaries including each of the Royale Group Members has knowledge of any facts which could reasonably be expected to give rise to any Environmental Claim emanating from, occurring on or in any way related to real properties now or formerly owned, leased or operated by any of them or to other assets or their use, except, in each case, such as could not reasonably be expected to result in a Material Adverse Effect;

(iii) to the best of the knowledge of the Borrower and the Parent Guarantor, neither the Parent Guarantor nor any of its Subsidiaries including the Royale Group Members has stored any Hazardous Materials on real properties now or formerly owned, leased or operated by any of them or has disposed of any Hazardous Materials in a manner contrary to any Environmental Laws in each case in any manner that could reasonably be expected to result in a Material Adverse Effect; and

(iv) to the best of the knowledge of the Borrower and the Parent Guarantor, all buildings on all real properties (including the Properties) now owned, leased or operated by the Parent Guarantor or any of its Subsidiaries including the Royale Group Members are in compliance with applicable Environmental Laws, except where failure to comply could not reasonably be expected to result in a Material Adverse Effect.

(s) **Insurance**. The Parent Guarantor and each of its Subsidiaries (including the Royale Group Members) maintain insurance with financially sound and reputable insurers, with respect to their respective properties (including all Charged

Property) and business against such liabilities, casualties, risks and contingencies and in such types (including business interruption insurance) and amounts as is customary in the case of Persons of similar size engaged in the same or similar businesses and operating in the same geographic area and in accordance with any requirement of any Governmental Authority and the provisions of the Loan Documents.

(t) **Material Adverse Effect**. There has occurred no event or development since September 30, 2016 which has resulted in or which could reasonably be expected to result in a Material Adverse Effect.

(u) **Intellectual Property**. (A) Except as hereafter disclosed pursuant to Section 10.1(c)(vi), Schedule 9.1(u) sets forth a complete list and a description of all licenses in respect of material Licensed Intellectual Property (other than licences of off-the-shelf software) and list of Owned Intellectual Property of any Royale Group Member which is capable of registration with any Governmental Authority (whether or not so registered) used in the business of any Royale Group Member. The Royale Group Members own the Owned Intellectual Property free and clear of any Liens (other than Permitted Encumbrances). Each of the Royale Group Members own or license all Intellectual Property required to be able to carry on its business as it is currently conducted and, where licensed all such licenses are in full force and effect except where the failure to own or licence such Intellectual Property or to maintain such licenses in full force and effect could not reasonably be expected to result in a Material Adverse Effect. (B) None of the Owned Intellectual Property which is capable of being registered but which is unregistered is material to the Business or is of a nature which the loss or invalidity of such Owned Intellectual Property could reasonably be expected to have a Material Adverse Effect.

(v) **Existing Debt**. Schedule 9.1(v) sets forth a complete and correct list, as of the date hereof, of all outstanding Debt (excluding Debt arising under the Loan Documents) of the Parent Guarantor and the Royale Group Members. As of the date hereof, neither the Parent Guarantor nor any of its Subsidiaries including each of the Royale Group Members is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Debt of the Parent Guarantor or any of its Subsidiaries including the Royale Group Members and no event or condition exists with respect to any Debt of the Parent Guarantor or any of its Subsidiaries including the Royale Group Members that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Debt to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

(w) **Security**. Upon execution, delivery, registration and/or notification of same and, if applicable, payment of associated fees, the Security Documents will create a valid Lien in and to the Charged Property, subject to no Liens except Permitted Encumbrances.

(x) **No Restrictions or Limitations**. Except as set forth herein and in the Trust Indenture, there are no contractual limitations or restrictions in effect on the Royale Group Members, the Parent Guarantor's or any of its other Subsidiaries' (to the extent the net income of such Subsidiary is included in the EBITDA of the Parent Guarantor for the purpose of its financial statements or for the purposes of calculating the ratios set out in Section 10.3) ability to make any Restricted Payments to the Borrower, Parent Guarantor or any other Person which holds Equity Securities of such Person.

(y) **Labour Matters**. There is no existing or, to the best of the knowledge of each of the Borrower or the Parent Guarantor, threatened strike, lock-out or other dispute relating to any collective bargaining agreement to which the Royale Group Members, the Parent Guarantor or any of its other Subsidiaries is a party which could reasonably be expected to result in a Material Adverse Effect. Schedule 9.1(y) contains a list of all collective bargaining agreements to which the Parent Guarantor or any Royale Group Member is a party at the date hereof.

(z) **Completeness of Disclosure**.

(i) All written information and data concerning the Borrower, the Parent Guarantor and its other Subsidiaries and the Properties (other than projections) that have been prepared by it or any of its representatives or advisors and that have been made available to the Finance Parties by the Borrower, the Parent Guarantor or any of its other Subsidiaries, taken as a whole, at the time such information and data (other than projections) were made available, were true and correct in all material respects, and, at the time such information and data were made available, did not, taken as a whole, contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements contained in such information and data (other than projections) not misleading in light of the circumstances under which such statements were made.

(ii) Without limiting the generality of the foregoing, or any other representation and warranty contained herein, neither the Borrower, the Parent Guarantor nor any of its other Subsidiaries was, at the time of delivery of any financial statements hereunder, subject to any liability or obligation, of the type required to be disclosed by GAAP in its financial statements, which has not been disclosed in the financial statements provided to the Administrative Agent and the Lenders hereunder in the manner so required by GAAP.

(aa) **Solvency**. On the Closing Date, after giving effect to any Advance hereunder, each of the Parent Guarantor and the Borrower, on a consolidated basis, is Solvent.

(bb) **No Action for Winding-Up or Bankruptcy**. There exists no voluntary or involuntary action taken either by or against the Parent Guarantor, the Borrower, or any of its Subsidiaries for any such Person's winding-up, dissolution, liquidation, bankruptcy, receivership, administration or similar or analogous events in any applicable jurisdiction in respect of such Person or all or any material part of its assets or revenues.

(cc) **Zoning and Other Matters**. No zoning, building or other Applicable Law or any restrictive covenant is currently violated in any material respect by the maintenance, operation, occupancy or use of the Properties in their present manner; there are no expropriation or similar proceedings, actual or threatened, of which the Borrower or the Parent Guarantor is aware against the Properties. Except as otherwise disclosed in the surveys delivered pursuant to Section 6.1(k)(i), no portion of any structure located on the lands comprising part of the Properties encroaches on any land not owned by the Borrower. There are no restrictive covenants, municipal by-laws or other Applicable Laws which in any way restrict or prohibit the use of the Properties for the purposes for which they are presently being used, other than Permitted Encumbrances, and neither the Borrower nor the Parent Guarantor is aware of any proposed changes to the official plan or zoning by-laws which will materially and adversely affect or prohibit such uses.

(dd) **No Work Orders**. Other than as disclosed to the Administrative Agent in writing prior to the Closing Date, there are no outstanding work orders, directions or notices of which the Borrower or the Parent Guarantor is aware having been issued on or before the date of this Agreement pursuant to any Applicable Law pertaining to the Properties or any of them or any environmental matters affecting the Properties or any of them, nor any notices from any Governmental Authority prior to the date of this Agreement that any work, repairs, construction or capital expenditures are required to be made in respect of the Properties or any part thereof as a condition of continued compliance with any Applicable Law or any permit issued thereunder.

(ee) **Notice of Liens**. As at the date of this Agreement, neither the Borrower nor the Parent Guarantor is aware of any outstanding claims for construction liens with respect to work performed or materials supplied in connection with any Properties, and has no actual knowledge of any claim for lien registered against title to any Properties which has not been vacated or discharged therefrom.

(ff) **Compliance**. To the best knowledge of the Borrower and the Parent Guarantor after due inquiry, as at the date of this Agreement, all licenses, consents, certificates, approvals, site plan and development agreements, reciprocal easement and operating agreements, easements, rights-of-way, minor variances, rights, Permits and agreements applicable to the Properties, are being complied with in all material respects.

(gg) **Utilities**. All accounts for utilities provided to the Properties are current and in good standing.

(hh) **Approved Plans**. To the best knowledge of the Borrower and the Parent Guarantor after due inquiry, all structures comprising part of the Properties have been constructed in accordance with plans and specifications approved by all relevant Governmental Authorities.

(ii) **Services**. The Properties are serviced by all required municipal, private and public utility services, including without limitation, storm and sanitary sewers, water, hydro, telephone and gas, which services are installed and available to the boundary of the lands comprising part of the Properties.

(jj) **Access**. Each Property has legal access to and from adjoining public highways, streets and/or roads and neither the Borrower nor the Parent Guarantor has knowledge of any existing fact or condition which could reasonably be expected to result in the material amendment or termination of such access. To the best of the Borrower and the Parent Guarantor's knowledge, all entrances/exits to each Property are permitted under Applicable Law and allow free and uninterrupted ingress and egress to public highways, streets and/or roads.

(kk) **Change of Law**. Neither the Borrower nor the Parent Guarantor has received written notice of and does not otherwise have actual knowledge of any pending or proposed amendment to any Applicable Law relating to any of the Properties which could reasonably be expected to have a Material Adverse Effect or materially adversely limit or materially adversely affect the intended use of any such Property.

(ll) **Management**. As of the date hereof, there are no management Contracts related to the Properties, as the Parent Guarantor and its Subsidiaries are providing internal management of the Properties.

(mm) **No Third Party Use**. The Facility will only be used by the Borrower and only for the Borrower's business transactions and not by any other Person.

(nn) **Anti-Corruption Laws**. None of the Borrower, the Parent Guarantor or any other Obligor has violated, been found in violation of and is not under investigation by any Governmental Authority for possible violation of any Applicable Law concerning or relating to bribery or corruption. No Advance or use of proceeds thereof by the Borrower in any manner will violate Applicable Law concerning or relating to bribery or corruption.

9.2 Survival of Representations and Warranties

The representations and warranties set out in this Article 9 and in any Loan Document, shall survive the execution and delivery of this Agreement and the making of any Advances to the Borrower, notwithstanding any investigations or examinations which may be made by any Administrative Agent or any Lender or any counsel to any of them.

ARTICLE 10
COVENANTS

10.1 Affirmative Covenants

Each of the Borrower and the Parent Guarantor jointly and severally covenants and agrees with each of the Lenders that, unless a Majority of the Lenders otherwise consent in writing, so long as any amount payable hereunder or under the Loan Documents is outstanding or any of the Lenders has any Commitment hereunder:

(a) **Financial Reporting**. The Parent Guarantor shall deliver, or cause to be delivered, to the Administrative Agent and each of the Lenders:

(i) as soon as practicable and in any event within 60 days after the end of each of the first three fiscal quarters of each of the Parent Guarantor and the Borrower in each fiscal year, commencing with the fiscal quarter ended September 30, 2016, the unaudited consolidated financial statements of the Parent Guarantor and the Borrower prepared in accordance with GAAP (subject to year-end adjustments and excluding footnotes) as then in effect consisting of a balance sheet, a statement of income and a statement of changes in financial position for the period commencing with the end of the previous fiscal quarter and ending with the end of such fiscal quarter, together with the figures for the year-to-date and setting forth, in each case, in comparative form, the figures for the corresponding portion of the previous fiscal year;

(ii) as soon as practicable and in any event within 120 days after the end of each fiscal year of each of the Parent Guarantor and the Borrower, commencing with the fiscal year ending December 31, 2016, the audited consolidated financial statements of the Parent Guarantor and unaudited consolidated financial statements of the Borrower for such year consisting of a balance sheet, a statement of income and a statement of changes in financial position, setting forth the corresponding figures for the previous fiscal year in comparative form, together (in the case of the Parent Guarantor's financial statements) with the report thereon of an independent auditor of recognized national standing (without any qualification as to the scope of such audit) to the effect that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Parent Guarantor, as of the end of such fiscal year and the consolidated results of the operations and changes in financial position for such fiscal year in conformity with GAAP, consistently applied;

each of such financial statements described in Sections 10.1(a)(i) and 10.1(a)(ii) to be prepared in accordance with GAAP as then in effect;

(iii) together with the financial statements delivered pursuant to Sections 10.1(a)(i) and 10.1(a)(ii), a Compliance Certificate; and

(iv) as soon as practicable and in any event within 60 days after the end of each fiscal quarter of the Borrower, commencing with the fiscal quarter ended September 30, 2016, an operating statement for each of the Properties together with a rent roll in respect of each of the Properties setting out, in respect of each tenant, the legal name of such tenant, suite or unit number, net leaseable area, date of initial occupancy, lease expiry date and monthly basic rent.

(b) **Borrowing Base Calculation**. The Borrower shall calculate the Borrowing Base for each of the Properties at the end of each fiscal quarter (such calculation to be delivered to the Administrative Agent in the form of the Borrowing Base Certificate concurrently with the financial statements delivered pursuant to Section 10.1(a)(i) and within 60 days after the end of the fourth fiscal quarter of the Borrower) for the Administrative Agent's approval, with such supporting information including certified rent rolls and operating statements and calculation of Adjusted Net Operating Income in form and content acceptable to the Administrative Agent, together with updated valuations prepared by an Independent Appraiser where reasonably requested by the Administrative Agent. The Borrower shall also calculate the Lending Value for each of the Properties if and when reasonably requested by the Administrative Agent or the Majority of the Lenders (such calculation to be delivered to the Administrative Agent within 30 days of such request).

(c) **Additional Reporting Requirements**. The Borrower shall deliver to the Administrative Agent:

(i) as soon as practicable and in any event within three Banking Days after the Parent Guarantor or the Borrower becomes aware of the occurrence of each Default or Event of Default, a statement of a senior officer of the Borrower setting forth the details of such Default or Event of Default and the action which the Parent Guarantor proposes to take or has taken with respect thereto;

(ii) promptly, and in any event within ten days after any Royale Group Member, the Parent Guarantor or any of its Subsidiaries receives notice of or becomes aware of any suit, proceeding or similar action commenced or threatened by any Governmental Authority or other Person which could reasonably result in a Material Adverse Effect;

(iii) promptly, and in any event within ten days after any Royale Group Member receives notice of or becomes aware of any cancellation or non-renewal of any Material Permits or any other Permits or other regulatory approvals where such cancellation or non-renewal could reasonably result in a Material Adverse Effect;

(iv) notification of any material waiver, amendment or modifications of any agreements to which any of the Royale Group Members is party with respect to any Debt (other than Debt owing between the Obligors) in excess of $1,000,000 of such Person within three days of such waiver, amendment or modification;

(v) notification of any notice received from, or other action taken by or proposed to be taken by, any creditor (other than the Lenders) of the Parent Guarantor or any of its Subsidiaries including each of the Royale Group Members which could reasonably be expected to result in a Material Adverse Effect;

(vi) together with each certificate referred to in Section 10.1(a)(iii), prompt written notice of any previously undisclosed Subsidiaries of the Parent Guarantor, any new unanimous shareholders', shareholders, partnership or other agreement relating to shares or other Equity Securities in the Borrower, the Parent Guarantor or of any Royale Group Member, any new Material Permits relating to the Royale Group Members or the Parent Guarantor or Material Agreements to which any Royale Group Member or the Parent Guarantor is a party or any additional owned or leased real property other than the Properties in which the Parent Guarantor or any Royale Group Member has any place of business or stores any tangible personal property, or any other changes to the disclosure set forth in Schedule 9.1(f), 9.1(j), 9.1(k) or 9.1(u) (it being acknowledged by the Administrative Agent and the Lenders that the provision of such updated information in each case above shall not cause an Event of Default pursuant to Section 11.1(l));

(vii) any change in the name or jurisdiction of organization of any Obligor and any change in the location of the registered office or chief executive office of any of them at least 30 days prior to such change; and

(viii) such other information respecting the condition, operations, financial or otherwise, of the business of the Parent Guarantor or its Subsidiaries as the Administrative Agent may from time to time reasonably request.

(d) **Corporate Status**. Subject to Section 10.2(a) and Section 13.1, each Royale Group Member and the Parent Guarantor will, and will cause each of its respective Subsidiaries to, remain a corporation or partnership duly formed and validly existing under the laws of Canada or a province thereof and, in each case, registered or otherwise qualified to carry on business in each jurisdiction where necessary to conduct its business, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

(e) **Conduct of Business**. The Parent Guarantor and each Royale Group Member will, and will cause each of its respective Subsidiaries to, continue its business, except as the board of directors or duly authorized officers of the Parent Guarantor may otherwise, in good faith, determine is in the best interests of each of the Parent Guarantor, and could not reasonably be expected to have a Material Adverse Effect. The Borrower and the Parent Guarantor will, and will cause each of its Subsidiaries to, manage its business in a proper, prudent and efficient manner (as the board of directors of the Parent Guarantor may determine in good faith) in all material respects.

(f) **Maintenance of Property**. Each Royale Group Member and the Parent Guarantor shall, and shall cause each of its respective Subsidiaries to, keep and maintain, all property (including Charged Property) material to the conduct of the Business in good working order and condition, ordinary wear and tear excepted, except to the extent that the failure to do so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(g) **Compliance with Applicable Laws**. The Parent Guarantor and each Royale Group Member shall, and shall cause each of its respective Subsidiaries to, comply with all Applicable Laws (subject to Section 10.1(h), other than Environmental Laws), either related to bribery or anti-corruption or the non-compliance with which could reasonably be expected to have a Material Adverse Effect and the Parent Guarantor and each Royale Group Member shall, and shall cause each of its respective Subsidiaries to, obtain, comply in all material respects with the terms of and maintain all Material Permits from, and make such filings with, any Governmental Authority as may be necessary to carry on their respective businesses, to own, lease and operate their respective properties and to enable them to enter into and perform its obligations under this Agreement and each of the Loan Documents to which they are expressed to be a party or to render this Agreement and each such Loan Document legal, valid, binding or enforceable except in each case where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(h) **Compliance with Environmental Laws**.

(i) The Parent Guarantor and each Royale Group Member will, and will cause each of its respective Subsidiaries to, comply and cause all other parties having charge, management or control of any of their real property (including the Properties) to comply in all material respects with all Environmental Laws.

(ii) The Parent Guarantor and each Royale Group Member shall promptly after it becomes aware of the same, advise the Administrative Agent in writing of the non-compliance in any material respect with any Environmental Law or any Environmental Claim issued to the Parent Guarantor or any of its Subsidiaries including each of the Royale Group Members, or any other environmental condition or event in respect of which non-compliance, condition or event there is a reasonable possibility that it could have a Material Adverse Effect. As soon as practicable thereafter, the Parent Guarantor or the Borrower shall advise the Administrative Agent as to the actions which the Parent Guarantor or any of its Subsidiaries including each Royale Group Member intends to take in connection with any such non-compliance or Environmental Claim. The Parent Guarantor or the Borrower shall provide to the Administrative Agent a copy of any report of a Release made by the Parent Guarantor or any of its Subsidiaries including each of the Royale Group Members to any Governmental Authority and of any such written Environmental Claims where such Release could reasonably be expected to have a Material Adverse Effect. In addition, the Borrower and the Parent Guarantor shall provide the Administrative Agent with copies of all communications with a Governmental Authority relating to material non-compliance or alleged material non-compliance with Environmental Laws and all communications with any party relating to material Environmental Claims.

(iii) The Borrower and the Parent Guarantor shall promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Hazardous Material in, on, under or about any Charged Property (a) in compliance in all material respects with all applicable Environmental Laws and (b) in accordance in all material respects with the orders and directions of all applicable Governmental Authorities.

(i) **Payment of Taxes**. The Parent Guarantor and each Royale Group Member shall, and shall cause each of its respective Subsidiaries to, pay or cause to be paid, when due, all Taxes, social security premiums, assessments and governmental charges or levies imposed upon it or upon its income, sales, capital or profit or any property belonging to it unless any such Tax, social security premiums, assessment, charge or levy is contested by it in good faith with appropriate reserves, and to collect and remit when due all payroll and withholding taxes.

(j) **Insurance**. Each Royale Group Member shall:

(i) maintain or cause to be maintained:

(A) all risks property insurance (including boiler and machinery) on property of every description located in or at or incidental to the Properties (or property for which they are obliged to insure pursuant to Leases or other agreements relating to the Properties) on a replacement cost, stated amount (or no co-insurance) basis, and including coverage for sewer back-up, flood, earthquake and by-laws, in amounts satisfactory to the Administrative Agent;

(B) business interruption insurance on a gross profits or gross rents basis under the property and boiler and machinery insurance policies referred to in Section 10.1(j)(i)(A), adequate to reimburse all lost revenues relating to the Charged Property for a term of not less than 18 months;

(C) commercial general and umbrella liability insurance, including insurance against claims for bodily injury, personal injury, death, property damage or other loss arising out of the business of the Finance Parties or the operation of the Charged Property and extended to include coverage for contractual liability, contingent employer's liability, and liability in respect of collapse and explosion with a minimum limit of liability for any one occurrence of $5,000,000;

(D) such other insurance as may be required to meet the obligations of the Royale Group Members under any of the Material Agreements, any Material Permit or to comply with any Applicable Laws;

(E) such other insurance as the Administrative Agent upon consultation with the Independent Insurance Consultant may reasonably require from time to time; and

(F) all with insurance companies having a Best's A-IX rating at time of placement and at all times thereafter with such insurance companies having comparable claims paying ability as approved by the Administrative Agent acting reasonably. Such insurance is to be in such form and amounts and with such deductibles as are customary in the case of owners of projects similar to the Properties and in any event as are acceptable to the Administrative Agent;

(ii) The all risk, boiler and machinery and business interruption insurance policies referred to above shall:

(A) name the applicable Royale Group Member as named insureds thereunder and as additional insureds all those required to be named as additional insureds under any of the Material Agreements, Material Permits or any Applicable Law;

(B) name the Administrative Agent as first mortgagee and loss payee and have attached the standard Insurance Bureau of Canada mortgage clause with respect to the all risk, property, boiler and machinery and business interruption insurance;

(C) provide that no cancellation or termination thereof, for any reason whatsoever, shall take effect unless the insurer concerned has given the Administrative Agent not less than 30 days' prior written notice of such proposed action (except for cancellation due to non-payment of premium for which statutory 15 days' notice may apply);

(D) contain a waiver by the insurer or insurers of all rights of subrogation or indemnity or any other claim to which such insurer or insurers might otherwise be entitled against the Administrative Agent;

(E) contain a breach of conditions clause; and

(F) otherwise be in such form as the Administrative Agent shall reasonably require;

and such insurance policies may contain reasonable deductibles per occurrence as approved by the Lender;

(iii) The third party liability insurance policies referred to above shall:

(A) name the Administrative Agent as an additional insured to the extent that such policies relate to the Charged Properties or the operation thereof;

(B) provide that no cancellation or termination thereof for any reason whatsoever, shall take effect unless the insurer concerned has given the Administrative Agent not less than 30 days' prior written notice of such proposed action (except for cancellation due to non-payment of premium for which statutory 15 days' notice may apply);

(C) contain a waiver by the insurer of all rights of subrogation or indemnity or any other claim to which the insurer might otherwise be entitled against the Administrative Agent;

(D) contain a cross-liability clause and a severability of interests clause; and

(E) otherwise be in such form as the Administrative Agent shall reasonably require;

(iv) So long as no Default or Event of Default has occurred and is continuing, the proceeds of all insurance referred to above (other than third party liability insurance, which may be remitted to the Borrowers without condition or further action by the Administrative Agent) shall:

(A) if the total amount of such proceeds in respect of a given Charged Property is less than $1,000,000, be payable to the applicable Royale Group Member;

(B) if the total amount of such proceeds in respect of a given Charged Property equals or exceeds $1,000,000, such amount shall be payable to the Administrative Agent to be held as additional security for the payment of all amounts payable hereunder, to be released by it to the applicable Royale Group Member upon receipt of:

(I) an Officers' Certificate stating that the proceeds of such insurance together with other funds held or arranged by the Borrowers is sufficient to fully repair, rebuild or replace the damage or destruction in respect of which the insurance proceeds are payable;

(II) a letter of undertaking of the Borrower to fully repair, rebuild and replace the damage or destruction in respect of which the insurance proceeds are payable;

(III) in the case of damage to any of the buildings on the Charged Properties, an opinion of an independent construction consultant that the funds requested, from time to time, will be sufficient to repair, replace or rebuild the damage or destruction in respect of which the insurance proceeds are payable; and

(IV) confirmation and evidence satisfactory to the Administrative Agent in respect of such Charged Property have Leases in force at such time to finance such Charged Property to the amount outstanding hereunder; and

(C) the proceeds of business interruption insurance shall be paid to the applicable Royale Group Member;

(v) If an Event of Default has occurred and is continuing:

(A) the proceeds of all insurance other than workers' compensation insurance, third party liability and business interruption insurance shall be payable to the Administrative Agent to be held by the Administrative Agent as additional security for the payment of all amounts payable under the Loan Documents, to be applied by it, at the option of the Administrative Agent, in reduction of the amounts outstanding under the Loan Documents, and;

(B) the proceeds of business interruption insurance shall be payable to the Administrative Agent to be held by the Administrative Agent as additional security for the payment of all amounts payable under the Loan Documents, to be applied on account of ongoing obligations of the applicable Royale Group Member hereunder or in respect of the Charged Property as the same fall due from time to time and, to the extent of any surplus, first to arrears of such payments and thereafter, the balance of the proceeds of business interruption insurance shall be applied in accordance with Section 11.6;

(C) the proceeds of all insurance held by the Administrative Agent shall, unless and until the same are applied or released to the applicable Royale Group Member as aforesaid, constitute continuing collateral security for the Obligor's obligations and liabilities in respect of amounts outstanding under any Loan Documents;

(k) **Insurance Information**. The Borrower and the Parent Guarantor shall provide and cause their respective Subsidiaries to provide to the Administrative Agent and the Independent Insurance Consultant such information relating to the Charged Property or the Loan Documents, as may be reasonably requested and which is within its possession or control. The fees and costs of the Independent Insurance Consultant shall be paid for by the Borrower.

(l) **Visitation Rights**. The Parent Guarantor and the Borrower shall permit the Administrative Agent and the Lenders, at any reasonable time or times, within normal business hours, following reasonable notice to the Parent Guarantor, or the Borrower, as applicable, to visit the Properties of and examine and make copies of and abstracts from the books and records of, the Parent Guarantor and the Royale Group Members. All information received shall be held by the Administrative Agent and all Lenders in confidence in accordance with the terms of this Agreement for use in respect of the administration of the Facility and for no other purpose.

(m) **Keeping of Books**. The Parent Guarantor and each Royale Group Member shall, and shall cause each of its respective Subsidiaries to, keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Parent Guarantor and each of its Subsidiaries including each Royale Group Member in accordance with GAAP consistently applied.

(n) **Permits, Intellectual Property, etc.** The Borrower and the Parent Guarantor shall maintain, and cause each of its respective Subsidiaries to maintain, (i) all Material Permits in good standing, and (ii) any Owned Intellectual Property or Licensed Intellectual Property in the operation of the Parent Guarantor or any of its Subsidiaries in good standing, except in each case where the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(o) **Compliance with Leases, Contracts and Other Agreements**. The Parent Guarantor and each Royale Group Member shall, and shall cause each of its respective Subsidiaries to, comply in all respects and perform its obligations under all leases (whether real or personal property and including all Leases) and Contracts, including all Material Agreements, to which it is a party or by which it is bound if the non-compliance or non-performance of obligations thereunder could be expected to have a Material Adverse Effect.

(p) **Assignment of Material Agreements**. The Parent Guarantor and each Royale Group Member shall ensure that all Material Agreements entered into on and after the date of this Agreement expressly permit assignments of the benefits of such agreements as collateral security in favour of the Finance Parties.

(q) **Dividends to Borrower**. The Borrower will cause its Subsidiaries to pay, to the extent they are legally able to do so, dividends, interest, amounts due in respect of inter-company accounts and capital or other distributions to the Borrower in an aggregate amount sufficient and as may be required to enable the Borrower to satisfy its obligations under this Agreement and to pay all interest charges, mandatory repayments of principal, fees, costs and other charges in respect of Debt of the Borrower.

(r) **Dividends to the Parent Guarantor**. The Parent Guarantor will cause its Subsidiaries (other than the Royale Group Members) to pay, to the extent they are legally able to do so, dividends, interest, amounts due in respect of inter-company accounts and capital or other distributions to the Parent Guarantor in an aggregate amount sufficient and as may be required to enable the Parent Guarantor to satisfy its obligations under the Loan Documents to which it is a party and to pay all interest charges, mandatory repayments of principle, fee, costs and other charges in respect of Debt of the Parent Guarantor.

(s) **Stock Exchange Listing**. The Parent Guarantor shall maintain a listing on the TSX.

(t) **Public Documents**. The Parent Guarantor shall deliver, or cause to be delivered, to each of the Administrative Agent and/or the Lenders, promptly upon request, copies of all annual reports, annual information forms and material change reports filed with any stock exchange, securities commission or similar regulatory body in any jurisdiction (except for, without limitation of or derogation from the Parent Guarantor's obligations under Section 10.1(c), any material change report filed on a confidential basis with any securities commission or stock exchange).

(u) **Cure Defects**. The Borrower and the Parent Guarantor shall, promptly upon having knowledge thereof, cure or cause to be cured any defects in the execution and delivery of any of the Loan Documents or any of the other agreements, instruments or documents contemplated hereby and thereby or executed pursuant hereto and thereto or any defects in the validity or enforceability of any of the Loan Documents and execute and deliver or cause to be executed and delivered all such agreements, instruments and other documents as the Administrative Agent may consider reasonably necessary or desirable for the foregoing purposes.

(v) **Use of Proceeds of Accommodations**. The Borrower shall use the proceeds of Advances hereunder for the purposes specified in Section 2.2.

(w) **Protect Security Interests**. The Parent Guarantor and each Royale Group Member shall take all action and supply the Administrative Agent and the Lenders with all information necessary to maintain the Liens granted pursuant to the Security Documents as valid and perfected first ranking Liens charging the Charged Property, subject only to Permitted Encumbrances.

(x) **Payment When Due**. The Borrower shall duly and punctually pay or cause to be paid all amounts required to be paid by it to the Finance Parties pursuant to the Loan Documents, including principal, interest, commitment fees, breakage costs, other fees and expenses and any other amounts, at the times, in the currencies and in the manner set forth herein or therein.

(y) **Management**. The Parent Guarantor shall at all times provide for the competent and responsible management and operation of the Properties and the Borrower. All management Contracts relating to any of the Properties, if any, and any material changes thereto must be approved in writing by the Administrative Agent prior to the execution of the same.

(z) **Income from Properties**. Notwithstanding any other provision contained herein, the Borrower shall first apply all income and revenues derived from the Properties to pay costs and incurred expenses associated with the ownership, maintenance, operation and leasing of such Properties, including all amounts then required to be paid under the Loan Documents, before using or applying such income for any other purpose (including making any Permitted Distributions). No such income or revenues shall be distributed or paid to any member, partner, holder of Equity Securities, Affiliate or any beneficiary or trustee, unless and until all such costs and expenses which are then due shall have been paid in full, and provided there is no Default hereunder.

(aa) **Leases and Rents**. The Borrower shall:

(i) observe and perform all of the obligations imposed upon a landlord in the Leases and shall not do or permit to be done anything to impair the security thereof; and

(ii) use its reasonable commercial efforts to enforce or secure, or cause to be enforced or secured, the performance of each and every obligation and undertaking of the respective tenants under the Leases and shall appear in and defend, at its sole cost and expense, any action or proceeding arising under, or in any manner connected with, the Leases.

(bb) **Delivery of Leasing Information and Documents**. The Borrower shall promptly deliver to the Administrative Agent when requested:

(i) complete executed copies of each Lease, and

(ii) such other leasing information as the Administrative Agent may request which is in its possession relating to Leases.

(cc) **Representations and Warranties**. The Parent Guarantor and the Borrower shall take all actions and shall do all things necessary or desirable (and shall cause each of its Subsidiaries to take such actions or do such things) to cause all of the representations and warranties made by the Parent Guarantor and the Borrower in this Agreement to be true and correct at all times.

(dd) **Observance of Covenants**. The Borrower and the Parent Guarantor shall observe and perform, and cause each of their respective Subsidiaries to observe and perform, all of the covenants, agreements, terms and conditions to be observed and performed by it in the Loan Documents.

(ee) **KYC Documentation**. The Borrower and the Parent Guarantor shall promptly provide all information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or the Administrative Agent, or any prospective assignee or participant of a Lender or the Administrative Agent, in order to comply with any applicable "know your customer" and anti-money-laundering rules and regulations, whether now or hereafter in existence. Without limiting any other provision contained in this Agreement or any other Loan Document, the Borrower and the Parent Guarantor shall also provide the Administrative Agent with prompt written notice of any change in beneficial ownership of the Borrower, key officers of the Borrower or the Parent Guarantor, or directors of the Borrower or the Parent Guarantor after the date of this Agreement.

(ff) **Cross Default**. If, on or after the Closing Date, one or more of the Sienna Group Members incurs or assumes any Debt the terms of which contain a "cross default" default, event of default or other early termination event (howsoever described or designated) then the Parent Guarantor and the Royale Group Members shall offer within five Banking Days of the incurrence or assumption of such Debt to amend this Agreement and include a substantially similar "cross default' in Section 11.1 and, if accepted by the Administrative Agent, shall enter into an amending agreement to effect such change within five Banking Days thereafter or such longer time as may be agreed by the Administrative Agent.

(gg) **Further Assurances**. At the Borrower's cost and expense, the Parent Guarantor and each Royale Group Member shall, and shall cause each of its other Subsidiaries to, execute and deliver, upon request by the Administrative Agent, 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 Administrative Agent to carry out more effectually the provisions and purposes of the Loan Documents.

10.2 <u>Negative Covenants</u>

The Borrower and the Parent Guarantor jointly and severally covenant and agree with each of the Finance Parties that, unless a Majority of the Lenders otherwise consent in writing, so long as any amount payable hereunder is outstanding or the Lenders shall have any Commitment hereunder:

(a) **No Merger, Amalgamation, etc**. Neither the Parent Guarantor nor any of the Royale Group Members shall, nor shall they permit any of their respective Subsidiaries to, directly or indirectly, sell, lease, transfer, assign, convey or otherwise dispose of all or substantially all of its property and assets, and will not merge or amalgamate pursuant to statutory authority or otherwise with any other Person except upon compliance with Article 13 and Section 10.2(b).

(b) **Restriction on Disposition of Assets**. Neither the Parent Guarantor nor any of the Royale Group Members shall, nor shall they permit any of their respective Subsidiaries to, Dispose of any property or assets other than:

(i) Dispositions of property and assets in the ordinary course of business and for the purpose of carrying on the Business; and

(ii) Permitted Dispositions.

(c) **Dispositions of the Properties, etc**.

(i) Notwithstanding Section 10.2(b), the Royale Group Members may not Dispose of any Property.

(ii) The Parent Guarantor may not Dispose of its direct or indirect interests (including Equity Securities) which it holds in the Royale Group Members.

(d) **Negative Pledge**.

(i) The Royale Group Members shall not create, incur, assume or permit to exist any Lien, other than Permitted Encumbrances, on any of its property, undertaking or assets now owned or hereafter acquired.

(ii) The Parent Guarantor shall not create, incur, assume or permit to exist any Lien, other than Permitted Encumbrances, on any Charged Property now owned or hereafter acquired

(e) **Restriction on Non-Arm's Length Transactions**. Neither the Parent Guarantor nor any Royale Group Member shall enter into any transaction or agreement with any Person which is not at Arm's Length with the Parent Guarantor or any such Royale Group Member or Subsidiary unless, without limiting Section 10.2(i), either:

(i) such transaction or agreement is in the ordinary course of business (which, for greater certainty, includes transfer of excess cash from a Royal Group Member to the Parent Guarantor or an Affiliate thereof consistent with past practice) and such transaction is on terms no less favourable to the Parent Guarantor or such Royale Group Member as would be obtainable in a comparable transaction with a Person which is at Arm's Length with the Borrower or the Parent Guarantor,

(ii) such transaction is among one or more of the Royale Group Members; or

(iii) such transaction is among one or more of the Sienna Group Members (other than the Royale Group Members).

(f) **Restriction on Debt**. Neither the Borrower nor the Parent Guarantor shall, and shall not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Debt other than Permitted Debt.

(g) **Investments**. Neither the Parent Guarantor nor any Royale Group Member shall, nor shall they permit any of their respective Subsidiaries to, directly or indirectly make any investment in, advances to, capital contributions to, loans to or guarantees to, or give any financial assistance to or for the benefit of any Person, or make any acquisition of any Equity Securities, property or other assets of any Person, except, in each case:

(i) purchases of property or assets in the ordinary course of business or for the purposes of carrying on the Business;

(ii) transactions permitted pursuant to Section 10.2(e)(ii) or 10.2(e)(iii);

(iii) investment in, advances to, capital contributions to, loans to or financial assistance by or between the Borrower or any Guarantor; and

(iv) a Permitted Acquisition.

(h) **Restriction on Change of Business**. Neither the Parent Guarantor nor any Royale Group Member shall either directly or indirectly, enter into any business other than the Business or incidental to the Business without the prior written consent of the Majority of the Lenders.

(i) **Restricted Payments**. Neither the Borrower nor the Parent Guarantor shall, directly or indirectly and shall not permit any of its Subsidiaries to make any Restricted Payments other than Permitted Distributions.

(j) **Restriction on Sale and Leasebacks and Securitizations**. The Royale Group Members shall not enter into sale and leaseback transactions or Securitization Transactions.

(k) **No Change in Accounting Treatment or Reporting Practices**. Neither the Parent Guarantor nor the Royale Group Members shall make any material change in its accounting or reporting or financial reporting practices, except as required or preferred by GAAP from time to time or by Applicable Law and which changes are disclosed to the Administrative Agent.

(l) **Fiscal Year**. Neither the Parent Guarantor nor any Royale Group Member shall change its fiscal year without the prior written consent of the Majority of the Lenders.

(m) **Contractual Limitations**.

(i) Neither the Parent Guarantor nor the Royale Group Members shall create, incur, assume or suffer to exist or permit any of its Subsidiaries to create, incur, assume or suffer to exist any contractual limitation or restriction on its ability to: (A) perform or observe any of its covenants or agreements under any of the Loan Documents, as and when required hereunder and thereunder; or (B) except as contemplated by Section 10.2(i) and the Trust Indenture (or any replacement Contract associated with a refinancing of the Debt thereunder), its ability to make any Restricted Payments.

(ii) Neither the Parent Guarantor nor the Royale Group Members shall create, incur, assume or suffer to exist any contractual limitation or restriction on its ability to make any payments to the Administrative Agent or the Lenders, or provide the security contemplated in the Security Documents to the Administrative Agent.

(n) **Amendments to Organizational Documents**. Neither the Parent Guarantor nor the Royale Group Members shall amend its organizational documents in a manner that would be prejudicial to the interests of the Administrative Agent or any of the Finance Parties under the Loan Documents or which could reasonably be expected to have a Material Adverse Effect.

(o) **Hedging Agreements**. Neither any Royale Group Member, the Parent Guarantor not any of its Subsidiaries shall enter into or maintain any Hedging Agreement for speculative purposes.

(p) **Location of Assets in Other Jurisdictions**. The Borrower shall not, except for property in transit in the ordinary course of business, acquire, or permit any of the Guarantors (other than the Parent Guarantor) to acquire, any assets outside of the jurisdictions identified opposite its name in Schedule 9.1(k) or move any property from one jurisdiction to another jurisdiction where the movement of such property would cause the Lien granted pursuant to the Security Documents over such property to cease to be perfected under Applicable Law, and neither the Borrower nor the Parent Guarantor shall suffer or permit in any other manner any of its property to not be subject to the Lien granted pursuant to Security Documents or to be or become located in a jurisdiction as a result of which the Lien granted pursuant to the Security Documents over such property is not perfected, unless (i) the Borrower or the Parent Guarantor has first given the Administrative Agent not less than 30 days prior written notice thereof; and (ii) the Borrower or the applicable Guarantor has first executed and delivered to the Administrative Agent all Security Documents and all financing or registration statements in form and substance satisfactory to the Administrative Agent which the Administrative Agent or its counsel from time to time deem necessary or advisable to ensure that Liens granted pursuant to the Security Documents at all times constitute a perfected first priority Lien (subject only to Permitted Encumbrances) over such property notwithstanding the movement or location of such property as aforesaid together with such supporting certificates, resolutions, opinions and other documents as the Administrative Agent may deem necessary if desirable in connection with such security and registrations, acting reasonably.

(q) **Pension Matters**. None of the Borrower, the Parent Guarantor or any of its Subsidiaries shall establish, become party to, liable under, participate in or admit any new participant into: (i) any Canadian Pension Plan or (ii) any Canadian Employee Plan which provides for medical, life or other welfare benefits with respect to any current or former employee after retirement or other termination of service.

(r) **Leases and Rents**. The Borrower shall:

(i) not collect any rents in advance of the time when the same become due under the terms of the Leases other than deposits received;

(ii) not discount any future accruing rents;

(iii) not, without the prior written consent of Administrative Agent, execute any assignment of the Leases or rents; and

(iv) not modify the rent, the term or surrender, cancel or terminate any Lease other than as a normal and prudent landlord would in similar circumstances.

(s) **Leasing Guidelines**. The Borrower shall not enter into any Lease unless it:

(i) is substantially on the standard form Lease delivered pursuant to Section 6.1(k)(iv) or approved in writing by the Administrative Agent;

(ii) is entered into in the ordinary course of business with a bona fide unrelated third party tenant, acting in good faith and exercising due diligence; and

(iii) reflects an Arm's Length transaction at then-current market rate for comparable space.

(t) **Capital Expenditures**. No Sienna Group Members shall incur in any fiscal year, nor enter into any agreement which would require it to make, any capital expenditures other than in accordance with prudent industry practice.

10.3 Financial Covenants

(a) **Total Debt to Gross Book Value**. The Parent Guarantor shall maintain, at all times, a ratio of Total Debt to Gross Book Value, of not more than 0.70:1.00.

(b) **Minimum Debt Service Coverage Ratio**. The Parent Guarantor shall maintain, at all times, a Debt Service Coverage Ratio calculated on a rolling four quarter basis of not less than 1.30:1.00.

(c) **Minimum Shareholders' Equity**. The Parent Guarantor shall maintain, at all times, Shareholders' Equity of not less than the sum of (i) $150,000,000 and (ii) 75% of the net proceeds (being gross proceeds less reasonable out-of-pocket costs, fees and expenses of issue) from each offering of Equity Securities of the Parent Guarantor after January 18, 2017.

ARTICLE 11
DEFAULT AND ACCELERATION

11.1 Events of Default

The occurrence of any one or more of the following events (each such event and the expiry of the cure period, if any, provided in connection therewith, being herein referred to as an "**Event of Default**") shall constitute a default under this Agreement:

(a) if the Borrower shall fail to pay the principal of or interest on any Advance or any other amount due pursuant to the terms of any Loan Document as and when the same becomes due and payable;

(b) if the Borrower or the Parent Guarantor shall, or shall permit any other Royale Group Member, as the case may be, to, default in the observance or performance of any agreement, covenant or condition contained in Sections 10.1(a), 10.1(b), 10.1(c), 10.1(v), 10.1(z), 10.1(ff), 10.2 or 10.3;

(c) without limiting Section 11.1(b), if the Borrower or the Parent Guarantor shall permit any other Sienna Group Member to or any of Sienna Group Member shall, as the case may be, default in the observance or performance of any agreement, covenant or condition contained in Section 10.2 which is relevant or applicable to such Sienna Group Member;

(d) if the Borrower, the Parent Guarantor or any Sienna Group Member shall default in the observance or performance of any agreement, covenant or condition contained in the Loan Documents (other than a covenant or condition whose breach or default in performance is elsewhere in this Section 11.1 specifically dealt with) and such default shall not be remedied, if capable of remedy, within a period of 15 days;

(e) if any one or more of the Royale Group Members, shall fail to pay the principal of (or lease payments on), or premium or interest on, any Debt outstanding in a principal amount which, when aggregated with the principal amount of all other Debt in respect of which any of them has failed to pay the principal of, or premium or interest on, exceeds $10,000,000 (excluding Debt due to the Lenders hereunder) (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt, or any other event of default or early termination event (howsoever described or designated) shall occur or condition shall exist, and shall continue after the applicable grace period, if any, specified in any agreement or instrument relating to any such Debt and the effect of such event is to accelerate, or permit the acceleration of, Debt of any of them in a principal amount which, when aggregated with the principal amount of all other Debt of any of them which is, or may be, declared due and payable prior to its specified maturity as a result of an event of default or early termination event (howsoever described or designated), exceeds $10,000,000;

(f) if there occurs a default by any one or more of the Sienna Group Members in respect of any Debt outstanding (excluding any Debt due to the Lenders hereunder) in a principal which when aggregated with the principal amount of all other Debt which is similarly in default exceeds $20,000,000 which default results in such Debt being declared to be due and payable in accordance with its terms prior to the stated maturity thereof;

(g) if a Change of Control shall occur;

(h) unless consented to by the Majority of the Lenders or in connection with a Permitted Disposition, if the Borrower, the General Partner or any other Royale Group Member ceases to be wholly-owned, directly or indirectly, by the Parent Guarantor;

(i) if any of the Borrower, the Parent Guarantor or any other Sienna Group Member shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally as they become due or shall make a general assignment, composition, compromise or arrangement for the benefit of any of its creditors; or any corporate action, legal proceeding or other procedure or step shall be instituted by or against any of the Borrower, the Parent Guarantor or any other Sienna Group Member seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, dissolution, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a liquidator, administrator, administrative receiver, compulsory manager, receiver, trustee or other similar official for it or for any substantial part of its property or for the purpose of enforcing any Liens or any assets of any of the Borrower, the Parent Guarantor, any other Sienna Group Member or, in each case any analogous procedure or step is taken in any jurisdiction and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against it or the appointment of a receiver, trustee, custodian, liquidator, administrator, administrative receiver, compulsory manager or other similar official for it or for any substantial part of its property) shall occur; or any of the Borrower, the Parent Guarantor or any other Sienna Group Member shall take any action to authorize any of the actions set forth above in this Section 11.1(i);

(j) if any judgment or order or series of judgments or orders (whether or not related) for the payment of money in an aggregate amount in excess of $10,000,000, other than any judgment or order for which one or more of the Borrower or any other

Royale Group Member will recover under a policy of insurance, shall be rendered against any one or more of the Borrower or any other Royale Group Member and (i) such judgment or order or series of judgments and/or orders are final with no further right of appeal and the Borrower has not satisfied the Majority of the Lenders, acting reasonably, that the Borrower or any other Royale Group Member (as applicable) is able to satisfy such judgment or order or series of judgments and/or orders; or (ii) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or series of judgments and/or orders, as the case may be; or (iii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order or series of judgments and/or orders, as the case may be, by reason of a pending appeal or otherwise, shall not be in effect;

(k) if any judgment or order or series of judgments or orders (whether or not related) for the payment of money in an aggregate amount in excess of $20,000,000, other than any judgment or order for which one or more of the Sienna Group Members (other than the Royale Group Members) will recover under a policy of insurance, shall be rendered against any one or more of the Sienna Group Members (other than the Royale Group Members) and (i) such judgment or order or series of judgments and/or orders are final with no further right of appeal and the Parent Guarantor has not satisfied the Majority of the Lenders, acting reasonably, that the applicable Sienna Group Member is able to satisfy such judgment or order or series of judgments and/or orders; or (ii) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or series of judgments and/or orders, as the case may be; or (iii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order or series of judgments and/or orders, as the case may be, by reason of a pending appeal or otherwise, shall not be in effect

(l) if any representation or warranty made or deemed to be made by the Borrower or any Guarantor in any Loan Document to which it is expressed to be a party shall prove to have been incorrect or misleading in any material respect when made or deemed to be made;

(m) if the Parent Guarantor, the Borrower or any other Sienna Group Members shall be the subject of any proceeding or investigation pertaining to the discovery of any Hazardous Material on any property or the Release by such entity of any Hazardous Material or any violation of any Environmental Law shall occur which, in each case, could reasonably be expected to have a Material Adverse Effect;

(n) if the obligations of the Borrower or any of the Guarantors hereunder or under the other Loan Documents shall cease to constitute the legal, valid and binding obligations of the Borrower or such Guarantor or shall cease to be in full force and effect or the Borrower or any of the Guarantors shall have contested the validity of the Loan Documents or denied that it had any liability thereunder;

(o) if there occurs any event which would reasonably be expected to have a Material Adverse Effect;

(p) if the security interest in favour of the Administrative Agent pursuant to any of the Security Documents ceases to constitute a perfected first priority Lien, subject only to Permitted Encumbrances, in favour of the Administrative Agent; or

(q) if an Impermissible Qualification is included in the financial statements delivered to the Administrative Agent pursuant to Section 10.1(a).

11.2 <u>Acceleration</u>

Upon the occurrence of an Event of Default and at any time thereafter while an Event of Default is continuing, the Administrative Agent may, in consultation with the Lenders (and, if so instructed by a Majority of the Lenders, shall) by written notice to the Borrower:

(a) declare the Advances made to the Borrower to be immediately due and payable (whereupon the same shall become so payable together with accrued interest thereon and any other sums then owed by the Borrower hereunder or under any other Loan Document) or declare such Advances to be due and payable on demand of the Administrative Agent; and/or

(b) declare that all of the Commitments shall be cancelled, whereupon the same shall be cancelled and the Commitment of each Lender shall be reduced to zero; and/or

(c) exercise or direct the Administrative Agent to exercise any or all of its rights, remedies or powers under or pursuant to the Loan Documents.

If, pursuant to this Section 11.2, the Administrative Agent declares any Advances made to the Borrower to be due and payable on demand, then, and at any time thereafter, the Administrative Agent may (and, if so instructed by a Majority of the Lenders, shall) by written notice to the Borrower call for repayment of such Advances on such date or dates as it may specify in such notice (whereupon the same shall become due and payable on such date together with accrued interest thereon and any other sums then owed by the Borrower hereunder or under any other Loan Document and the provisions of Section 11.4 shall apply) or withdraw its declaration with effect from such date as it may specify in such notice.

Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default which is continuing, the Borrower hereby acknowledges that it shall then be indebted to, and shall be obligated to pay to the Administrative Agent upon demand, as a separate and absolute obligation, (i) all unpaid principal amount of and accrued interest on the Advances, and (ii) all other amounts accrued or owing hereunder or in connection with any Hedging Agreement entered into between the Borrower and any Finance Party. The Administrative Agent shall distribute such proceeds among the Lenders and any Finance Parties who are counterparties under any Hedging Agreement in accordance with the provisions of Section 11.6.

11.3 **Remedies with Respect to Bankers' Acceptance Advances and Letters of Credit**

If any Event of Default shall occur and be continuing such that the entire principal amount of the Advances then outstanding and all accrued and unpaid interest thereon and all other payments due hereunder by the Borrower which are unmatured shall become immediately due and payable in accordance with the provisions of Section 11.2, then the Administrative Agent may (and, if so instructed by a Majority of the Lenders shall), by written notice to the Borrower require the Borrower to pay to the Administrative Agent, on behalf of the Lenders, (i) an amount equal to the Face Amount of outstanding Bankers' Acceptances and such amount shall be held by the Administrative Agent on deposit in trust for the Lenders until the maturity date of such Bankers' Acceptance upon receipt of such payment, the Borrower shall be discharged from its obligations under Section 3.5 in respect of any such Bankers' Acceptances, and (ii) an amount equal to the Letter of Credit Exposure and such amount shall be held by the Administrative Agent on deposit in trust for the Issuing Bank until such time as there is a draw under a Letter of Credit or all Letters of Credit have expired.

11.4 **Remedies Cumulative and Waivers**

It is expressly understood and agreed that the rights and remedies of the Lenders and the Administrative Agent hereunder or under any other Loan Document or other instrument executed pursuant to this Agreement are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lenders or the Administrative Agent of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or any other Loan Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lenders or the Administrative Agent may be lawfully entitled for such default or breach. Any waiver by the Lenders or the Administrative Agent of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by the Lenders or the Administrative Agent shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lenders or the Administrative Agent under this Agreement or any other Loan Document as a result of any other default or breach hereunder or thereunder.

11.5 **Suspension of Lenders' Obligations**

Without prejudice to the rights which arise out of this Agreement or by law, the occurrence of a Default or Event of Default shall, while such Default or Event of Default shall be continuing, relieve the Lenders of all obligations to convert any Advance into a Bankers' Acceptance Advance (except, provided no Event of Default has occurred and is continuing, a Conversion permitted by the Administrative Agent in its discretion in accordance with the provisions of Section 2.10) or to accept any Rollover Notice in respect of a BA Equivalent Advance or accept or purchase drafts or Bankers' Acceptances in replacement of maturing Bankers' Acceptances.

11.6 Application of Payments After an Event of Default

If any Event of Default shall occur and be continuing, all payments made by the Borrower hereunder or payments made pursuant to any of the provisions of any of the Guarantees shall be applied in the following order:

(a) to amounts due hereunder as costs and expenses of the Administrative Agent;

(b) to amounts due hereunder as costs and expenses of the Lenders;

(c) to amounts due hereunder as fees;

(d) to amounts due hereunder as interest;

(e) rateably to amounts due hereunder as principal and amounts due under any Hedging Agreement with the Finance Parties; and

(f) any balance to the Borrower or as a court of competent jurisdiction shall determine.

ARTICLE 12
THE ADMINISTRATIVE AGENT AND ADMINISTRATION OF THE FACILITIES

12.1 Authorization of Action

Each Lender hereby irrevocably appoints and authorizes the Administrative Agent to be its agent in its name and on its behalf and to exercise such rights or powers granted to the Administrative Agent or the Lenders under this Agreement, the Guarantees and the Security Documents to the extent specifically provided herein and therein and on the terms hereof and thereof, together with such rights, powers and discretions as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement, the Guarantees or the Security Documents, the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Majority of the Lenders, and such instructions shall be binding upon all Lenders; provided, however, that the Administrative Agent shall not be required to take any action which exposes the Administrative Agent to liability in such capacity, which could result in the Administrative Agent incurring any costs and expenses or which is contrary to this Agreement or Applicable Law.

12.2 Procedure for Making Advances

(a) The Administrative Agent shall make Advances available to the Borrower as required hereunder by 3:00 p.m. (Toronto time) on the relevant Drawdown Date by debiting the account of the Administrative Agent to which the Lenders' Rateable Portions of such Advances have been credited in accordance with Section 12.2(b) (or causing such account to be debited) and, in the absence of other arrangements agreed to by the Administrative Agent and the Borrower in writing, by transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in the Drawdown Notice in respect of each Advance; provided that the obligation of the Administrative Agent hereunder shall be limited to taking such steps as are commercially reasonable to implement such instructions, which steps once taken shall constitute conclusive and binding evidence that such funds were advanced hereunder in accordance with the provisions relating thereto and the Administrative Agent shall not be liable for any damages, claims or costs which may be suffered by the Borrower and occasioned by the failure of such Advance to reach the designated destination, except to the extent such damages, claims or costs are the result of the gross negligence or wilful misconduct of the Administrative Agent.

(b) Each Lender shall make available to the Administrative Agent its Rateable Portion of each Advance by deposit to the account specified by the Administrative Agent to the Lenders in writing from time to time no later than 1:00 p.m. (Toronto time) on the relevant Drawdown Date. Unless the Administrative Agent has been notified by a Lender on the Banking Day prior to the Drawdown Date requested by the Borrower that such Lender will not make available to the Administrative Agent its Rateable Portion of such Advance, the Administrative Agent may assume that such Lender has made such portion of the Advance available to the Administrative Agent on the Drawdown Date in accordance with the provisions hereof and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent such Lender shall not have so made its Rateable Portion of the Advance available to the Administrative Agent, then such Lender shall agree to pay to the Administrative Agent forthwith on demand such Lender's Rateable Portion of the Advance and all reasonable costs and expenses incurred by the Administrative Agent in connection therewith together with interest thereon (at the rate payable thereunder by the Borrower in respect of such Advance) for each day from the date such amount is made available to the Borrower until the date such amount is paid to the Administrative Agent; provided, however, that notwithstanding such obligation, if such Lender fails to so pay, the Borrower covenants and agrees that without prejudice to any rights the Borrower may have against such Lender, it shall reimburse such amount to the Administrative Agent forthwith after demand therefor by the Administrative Agent. The amount payable to the Administrative Agent pursuant hereto shall be as set forth in a certificate delivered by the Administrative Agent to such Lender and the Borrower (which certificate shall contain reasonable details of how the amount payable is calculated) and shall be conclusive and binding, for all purposes, in the absence of manifest error. If such Lender makes the payment to the Administrative Agent required herein, such Lender shall be considered to have made its Rateable Portion of the Advance for purposes of this Agreement and the Administrative Agent shall make appropriate entries in the books of account maintained by the Administrative Agent pursuant to Section 2.12.

(c) The failure of any Lender to make its Rateable Portion of any Advance shall not relieve any other Lender of its obligation, if any, hereunder to make its Rateable Portion of such Advance on the Drawdown Date, but no Lender shall be responsible for the failure of any other Lender to make the Rateable Portion of the Advance to be made by such other Lender on the date of any Advance.

12.3 Remittance of Payments

Subject to Section 5.2, forthwith after receipt of any prepayment or any repayment of principal or payment of interest or fees pursuant to any provision of this Agreement, the Administrative Agent shall remit to each Lender its Rateable Portion thereof; provided, however, that the Administrative Agent shall be entitled to set off against and deduct from any amount payable to a Lender any outstanding amounts payable by such Lender to the Administrative Agent pursuant to Section 12.2(b). Forthwith after receipt of any payment of Standby Fees pursuant to Section 2.9(a), the Administrative Agent shall remit to each Lender its Rateable Portion of such payment. If the Administrative Agent, on the assumption that it will receive on any particular date a payment of principal, interest or fees hereunder, remits such payment to the Lenders and the Borrower fails to make such payment, each of the Lenders agrees to repay to the Administrative Agent forthwith on demand the amount received by it together with all reasonable costs and expenses incurred by the Administrative Agent in connection therewith to the extent not reimbursed by the Borrower and interest thereon at the rate and calculated in the manner applicable to the Advance in respect of which such payment was made for each day from the date such amount is remitted to the Lenders, the exact amount of the repayment required to be made by the Lenders pursuant hereto to be as set forth in a certificate delivered by the Administrative Agent to each Lender, which certificate shall be conclusive and binding for all purposes in the absence of manifest error. The Administrative Agent shall make appropriate entries in the register to reflect the foregoing.

12.4 Redistribution of Payment

(a) If any Lender receives or recovers (whether by payment or combination of accounts or otherwise) an amount owed to it by the Borrower under this Agreement otherwise than through the Administrative Agent, then such Lender shall, within five Banking Days following such receipt or recovery, notify the Administrative Agent (who shall in turn notify the other Lenders) of such fact.

(b) Subject to the other terms and conditions of this Agreement, if at any time the proportion which any Lender (a "**recovering Lender**") has received or recovered (whether by payment or combination of accounts or otherwise) in respect of its portion of any payment to be made under this Agreement by the Borrower for the account of such recovering Lender and one or more other Lenders is greater (the amount of the excess being herein called the "**excess amount**") than the proportion thereof received or recovered by the Lender or Lenders receiving or recovering the smallest proportion thereof, then:

(i) the recovering Lender shall, within five Banking Days following such receipt or recovery, pay to the Administrative Agent an amount equal to the excess amount; and

(ii) the Administrative Agent shall treat the amount received by it from the recovering Lender pursuant to paragraph (i) above as if such amount had been received by it from the Borrower pursuant to its obligations under this Agreement and shall pay the same to the Persons entitled thereto (including such recovering Lender) pro rata to their respective entitlements thereto in which event, for all purposes in connection herewith, the recovering Lender shall be deemed only to have received or recovered from the Borrower that portion of the excess amount which is actually paid to the recovering Lender by the Administrative Agent pursuant to this Section 12.4(b)(ii).

(c) If a Lender that has paid an excess amount to the Administrative Agent in accordance with Section 12.4(b)(ii) is required to refund the whole (or a portion) of such excess amount to the Borrower, then each of the other Lenders shall pay to the Administrative Agent for the account of that Lender the whole (or that proportion) of the amount received by it as a result of the distribution in respect of that excess amount made by the Administrative Agent pursuant to Section 12.4(b)(ii).

12.5 <u>Duties and Obligations</u>

(a) Neither the Administrative Agent nor any of its directors, officers, agents or employees (and, for purposes hereof, the Administrative Agent shall be deemed to be contracting for and on behalf of such Persons) shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, the Administrative Agent:

(i) may assume that there has been no assignment or transfer by any means by the Lenders of their rights hereunder, unless and until the Administrative Agent has received a duly completed and executed assignment in form satisfactory to it;

(ii) may consult with legal counsel (including the Counsel to the Borrower), independent public accountants and other experts of reputable standard selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts;

(iii) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing pursuant to Section 15.4 believed by it to be genuine and signed or sent by the proper party or parties or by acting upon any representation or warranty of the Borrower or any Guarantor made or deemed to be made hereunder;

(iv) may assume that no Event of Default has occurred and is continuing unless an appropriate officer charged with the administration of this Agreement has actual notice or knowledge to the contrary;

(v) may rely as to any matters of fact which might reasonably be expected to be within the knowledge of any Person upon a certificate signed by or on behalf of such Person; and

(vi) shall incur no liability, in the absence of the gross negligence and/or wilful neglect of the Administrative Agent, for its failure to distribute to any Lender the financial statements or other information provided to the Administrative Agent by the Borrower or any Guarantor.

Further, the Administrative Agent (a) shall not have any duty to ascertain or to enquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Borrower or any Guarantor or to inspect the property (including the books and records) of the Borrower or any Guarantor and (b) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any instrument or document furnished pursuant hereto.

(b) The Administrative Agent makes no warranty or representation to any Lender and shall not be responsible to any Lender for the accuracy or completeness of the data made available to any of the Lenders in connection with the negotiation of this Agreement, or for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement.

(c) Except as otherwise provided for herein, the Administrative Agent may, but is not obligated to, seek the approval of the Majority of the Lenders to any consents required to be given by the Administrative Agent hereunder.

12.6 <u>Prompt Notice to the Lenders</u>

Notwithstanding any other provisions herein, the Administrative Agent agrees to provide to the Lenders, with copies where appropriate, all information, notices and reports required to be given to the Administrative Agent by the Borrower and the Guarantors, promptly upon receipt of same, excepting therefrom information and notices relating solely to the role of Administrative Agent hereunder.

12.7 <u>Administrative Agents' Authority</u>

With respect to its Commitment and the Advances made by it as a Lender, the Administrative Agent shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent. The

Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of business with the Parent Guarantor and its Subsidiaries or any Person owned or Controlled by any of them and any Person which may do business with any of them, all as if the Administrative Agent was not the Administrative Agent hereunder and without any duties to account therefor to the Lenders.

12.8 Lender's Independent Credit Decision

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Parent Guarantor and its Subsidiaries. Accordingly, each Lender confirms with the Administrative Agent that it has not relied, and will not hereafter rely, on the Administrative Agent (a) to check or enquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Parent Guarantor or any other Person under or in connection with this Agreement or the transactions herein contemplated (whether or not such information has been or is hereafter distributed to such Lender by the Administrative Agent), or (b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Parent Guarantor or any of its Subsidiaries. Each Lender acknowledges that a copy of this Agreement has been made available to it for review and each Lender acknowledges that it is satisfied with the form and substance of this Agreement.

12.9 Indemnification

Each Lender hereby agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower) in its Rateable Portion, from and against any and all liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Administrative Agent (in its capacity as agent for the Lenders) in any way relating to or arising out of this Agreement, the Guarantee or the Security Documents or any action taken or admitted by the Administrative Agent, under or in respect of this Agreement, the Guarantee or the Security Documents; provided that no Lender shall be liable for any portion of such liabilities, obligations, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or wilful misconduct. Without limiting the generality of the foregoing, each Lender agrees to reimburse the Administrative Agent promptly upon demand in the proportion specified herein in respect of any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preservation of any rights of the Administrative Agent or the Lenders under, or the enforcement of, or legal advice in respect of the rights or responsibilities under, this Agreement, to the extent that the Administrative Agent is not reimbursed for such expenses by the Borrower.

12.10 Successor Administrative Agent

The Administrative Agent may, as hereinafter provided resign at any time by giving not less than 30 days' written notice thereof to the Lenders and the Borrower. The

Administrative Agent may be removed at any time on not less than 30 days' written notice thereof by the Majority of the Lenders provided that the Majority of the Lenders have designated a successor who is prepared to act and who is acceptable to the Borrower, acting reasonably. Upon any such resignation or removal, the Majority of the Lenders shall have the right to appoint a successor Administrative Agent (the "**Successor Agent**") who shall be a Lender and who shall be acceptable to the Borrower, acting reasonably. Upon the acceptance of any appointment as Administrative Agent hereunder by a Successor Agent, such Successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall thereupon be discharged from its further duties and obligations as Administrative Agent under this Agreement. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article 12 shall continue to enure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent hereunder.

12.11 <u>Action by and Consent of Lenders</u>

Where the terms of this Agreement refer to any action to be taken hereunder by the Lenders or to any such action that requires the consent of the Lenders, then, unless specifically otherwise indicated herein, the action taken by and the consent given by the Majority of the Lenders shall constitute the action or consent herein referred to; and, without limitation, for greater certainty, any declaration or acceleration under Section 11.2 shall be made or taken with the consent of the Majority of the Lenders and any action so taken shall be binding on all the Lenders and, subject to Section 11.2, all the Lenders shall co-operate in any action so taken or otherwise taken hereunder with the consent of or on the instructions of the Majority of the Lenders.

12.12 <u>Taking and Enforcement of Remedies</u>

(a) Each of the Lenders hereby acknowledges that, to the extent permitted by Applicable Law, the remedies provided hereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder are to be exercised not severally, but collectively by the Administrative Agent upon the decision of the Lenders regardless of whether declaration or acceleration was made pursuant to Section 11.2; accordingly, notwithstanding any of the provisions contained herein, but subject to the provisions of Section 12.11, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action with respect to the Facility, including, without limitation, any declaration or acceleration under Section 11.2, but that any such action shall be taken only by the Administrative Agent with the prior written agreement of the Lenders, provided that, notwithstanding the foregoing:

(i) in the absence of instructions from the Lenders and where in the sole opinion of the Administrative Agent the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders; and

(ii) the commencement of litigation before any court shall be made in the name of each Lender individually unless the laws of the jurisdiction of such court permit such litigation to be commenced in the name of the Administrative Agent on behalf of the Lenders (whether pursuant to a specific power of attorney in favour of the Administrative Agent or otherwise) and the Administrative Agent agrees to commence such litigation in its name;

each of the Lenders hereby further covenants and agrees that upon any such written consent being given by the Lenders, they shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent in the collective realization including, without limitation, the appointment of a receiver and manager to act for their collective benefit; and each Lender covenants and agrees to do all acts and things to make, execute and deliver all agreements and other instruments, including, without limitation, any instruments necessary to effect any registrations, so as to fully carry out the intent and purpose of this Section 12.12; and each of the Lenders hereby covenants and agrees that it has not heretofore and shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Borrower or any Guarantor hereunder or under any other document, instrument, writing or agreement ancillary hereto other than such security as is provided hereunder or thereunder and shall not enter into any agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Facility, unless all of the Lenders shall at the same time obtain the benefit of any such security or agreement, as the case may be.

(b) Notwithstanding any other provision contained in this Agreement, no Lender shall be required to be joined as a party to any litigation commenced against the Borrower or any Guarantor by the Administrative Agent or the Majority of the Lenders hereunder (unless otherwise required by any court of competent jurisdiction) if it elects not to be so joined in which event any such litigation shall not include claims in respect of the rights of such Lender against the Borrower and the Guarantors hereunder until such time as such Lender does elect to be so joined; provided that if at the time of such subsequent election it is not possible or practicable for such Lender to be so joined, then such Lender may commence proceedings in its own name in respect of its rights against the Borrower and the Guarantors hereunder.

12.13 <u>Reliance upon Administrative Agent</u>

The Borrower and the Guarantors shall be entitled to rely upon any certificate, notice or other document (including any telex) or other advice, statement or instruction provided to it by the Administrative Agent pursuant to this Agreement and the Borrower and the Guarantors shall be entitled to deal with the Administrative Agent (and, except as otherwise specifically provided, not to deal with any Lender prior to an Event of Default) with respect to all matters under this Agreement without any liability whatsoever to the Lenders for relying upon any certificate, notice or other document (including any telex) or other advice, statement or instruction provided to it by the Administrative Agent, notwithstanding any lack of authority of the Administrative Agent to provide the same. Without limiting the generality of the foregoing, but subject as herein otherwise specifically provided, none of the Lenders shall have any right to enforce directly any of the provisions of this Agreement or to communicate with the Borrower and the Guarantors except through the Administrative Agent in accordance with the terms of this Agreement or as otherwise specifically provided in this Agreement. The provisions of this Article 12 are for the benefit of the Administrative Agent and the Lenders and, except for the provisions of Sections 12.2, 12.3, 12.4, 12.10, 12.14 and 12.15, may not be relied upon by the Borrower or the Guarantors.

12.14 Replacement of Cancelled Commitments

If, at any time prior to the Maturity Date, the Commitment of any Lender or Lenders is cancelled pursuant to the provisions of Sections 5.1 or 5.2, or any Lender fails to perform its obligations hereunder, the Administrative Agent may, and at the request of the Borrower, provided that no Default or Event of Default has occurred and is continuing shall, use its reasonable commercial efforts to locate one or more other Persons ("**Substitute Lenders**") satisfactory to the Borrower (who may be an existing Lender) to become Lenders and to assume all or a portion of the Commitment so cancelled, provided that the Administrative Agent shall not be under any obligation to assume such cancelled Commitment itself if the Administrative Agent is unable to locate any Substitute Lenders. Upon locating one or more Substitute Lenders, the Administrative Agent (on behalf of each of the parties hereto other than the Borrower, the Guarantors and the Lenders whose Commitment has been cancelled), the Borrower, the Guarantors and the Substitute Lenders shall make any appropriate amendments to this Agreement which are required to incorporate such Substitute Lender or Lenders hereunder. If any Substitute Lender is not an existing Lender, then the Borrower shall pay to the Administrative Agent an administration fee of Cdn. $3,500.

12.15 Disclosure of Information

(a) The Borrower and the Parent Guarantor agree that, if the Borrower has given its prior written consent to a Person being a Assignee hereunder, then the Administrative Agent or any Lender may provide any such Assignee or proposed Assignee pursuant to Section 15.9 with any information it has concerning the financial condition of the Borrower, the Parent Guarantor and its other Subsidiaries other than information delivered by the Borrower or the Parent Guarantor to the Administrative Agent and/or the Lenders on a confidential basis which is not in the public domain (other than through a breach of this Agreement); provided that, for greater certainty, nothing in this Section 12.15(a) shall prevent the Administrative Agent or any Lender from disclosing the terms of this Agreement on a confidential basis to any proposed Assignee of any Lender; and provided further that consent of the Borrower shall not be required if an Event of Default has occurred and is continuing and such proposed Assignee has entered into a confidentiality agreement for the benefit of the Borrower.

(b) Subject to Section 12.15(a), the Administrative Agent and each of the Lenders acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to it by the Borrower pursuant hereto that is not at the time it is so provided or (other than through a breach of this Agreement) thereafter in the public domain and agrees to use all reasonable commercial efforts to prevent the disclosure thereof by it; provided, however, that:

(i) the Administrative Agent or any Lender may disclose all or any part of such information if, (A) in the sole reasonable opinion (stated in writing) of its legal counsel of reputable standard, such disclosure is compellable by Applicable Law in connection with any pending judicial, administrative or governmental proceeding or is required or desirable in connection with any actual judicial, administrative or governmental proceeding or (B) such disclosure is compellable by Applicable Law;

(ii) it shall incur no liability in respect of any disclosure of such information to any, or pursuant to the requirements of any, judicial authority, law enforcement agency, tax or regulatory authority which it is required to make in accordance with Applicable Law;

(iii) the Administrative Agent and each Lender may disclose all or any part of such information on a confidential basis

(A) to its auditors; or

(B) to Lenders' Counsel or other counsel of reputable standard on a confidential basis for the purpose of seeking or obtaining legal advice;

(iv) the Administrative Agent and each of the Lenders may disclose such information on a confidential basis to any Subsidiary or Affiliates who have need to know such information for purposes of the administration or enforcement of the Loan Documents; and

(v) if an Event of Default has occurred and is continuing the Administrative Agent or any Lender may disclose such information, other than any competitively sensitive non-financial information which is proprietary in nature, to other lenders to any of the Parent Guarantor or any of its Subsidiaries on a confidential basis in connection with any discussions regarding or related to the resolution of such Event of Default.

12.16 <u>Power of Attorney</u>

(a) For greater certainty, and without limiting the powers of the Administrative Agent under the Loan Documents, each of the Lenders on its own behalf and on behalf of each of its Affiliates who are or may from time to time become Finance Parties hereby irrevocably nominates, constitutes and appoints the Administrative Agent, with full power of substitution, as such Lender's agent and true and lawful attorney to act on its behalf and on behalf of the Finance Parties with full power and authority in its name, place and stead as the holder of an irrevocable power of attorney for purposes of executing, swearing to, acknowledging, delivering, recording, filing and holding of any Liens granted by any Obligor or any other Person pursuant to the transactions contemplated herein on their respective properties and in such capacity is hereby specifically authorized to enter and perform its obligations under and pursuant to each of the Loan Documents to which it is party. Each future Finance Party that becomes party to this Agreement or any other Loan Document (on behalf of itself and on behalf of each of its Affiliates who are or may become Finance Parties) by becoming party to this Agreement or by executing an Assignment Agreement ratifies and confirms the appointment of, and irrevocably nominates, constitutes and appoints, the Administrative Agent as the holder of such irrevocable power of attorney pursuant to this Section 12.16(a). The power of attorney granted herein is irrevocable and is a power coupled with an interest and shall survive the assignment by a Finance Party of the whole or any part of the interest of the Finance Party in the Loan Documents and extends to the successors and assigns of each Finance Party.

(b) For greater certainty, and without limiting the powers of the Administrative Agent under the Loan Documents, each of the Lenders on its own behalf and on behalf of each of its Affiliates who are or may from time to time become Finance Parties hereby irrevocably nominates, constitutes and appoints the Administrative Agent, with full power of substitution, as such Lender's agent and true and lawful attorney to act on its behalf and on behalf of the Finance Parties with full power and authority in its name, place and stead as the holder of an irrevocable power of attorney for purposes of executing, swearing to, acknowledging, delivering, recording, filing each of the Loan Documents to which it is party (and without limiting the foregoing is specifically authorized to enter and perform its obligations under and pursuant to each of the Loan Documents to which it is party). Each future Finance Party that becomes party to this Agreement or any other Loan Document (on behalf of itself and on behalf of each of its Affiliates who are or may become Finance Parties) by becoming party to this Agreement or by executing an Assignment Agreement ratifies and confirms the appointment of, and irrevocably nominates, constitutes and appoints, the Administrative Agent as the holder of such irrevocable power of attorney pursuant to this Section 12.16(b). The power of attorney granted herein is irrevocable and is a power coupled with an interest and shall survive the assignment by a Finance Party of the whole or any part of the interest of the Finance Party in the Loan Documents and extends to the successors and assigns of each Finance Party.

12.17 Automatic Debit

The Borrower authorizes and directs the Administrative Agent to debit automatically, by mechanical, electronic or manual means, any bank account of the Borrower maintained with the Administrative Agent for all amounts due and payable by the Borrower or any other Obligor under this Agreement or any other Loan Document, including the repayment of principal and the payment of interest, fees and all charges for the keeping of that bank account. The Administrative Agent shall notify the Borrower as to the particulars of those debits in the normal course.

ARTICLE 13
SUCCESSOR COMPANIES AND ADDITIONAL GUARANTORS

13.1 Certain Requirements in Respect of Merger, Etc.

The Borrower and the Parent Guarantor shall not, and shall not permit any of the other Obligors to, enter into any transaction (whether by way of reconstruction, reorganization, consolidation, amalgamation, merger, transfer, sale or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of any such amalgamation, of the continuing company resulting therefrom, or whereby the obligation of the Borrower or any Guarantor to pay amounts under this Agreement or any other Loan Document would become subject to novation or assumed or undertaken by any other such Person or continuing company, provided that it may do so and such Person or continuing company (the "**Successor Corporation**") shall become a party to this Agreement or a Guarantee, as the case may be and if applicable, and the other Loan Documents (if applicable), if:

(a) the Successor Corporation is a Guarantor, the Successor Corporation is a Subsidiary of the Parent Guarantor;

(b) either of the predecessors of the successor Corporation was the Parent Guarantor, the Successor Corporation is the Parent Guarantor or the Borrower;

(c) either of the predecessors of the Successor Corporation was the Borrower, the Successor Corporation is the Borrower;

(d) either of the predecessors of the Successor Corporation was a Guarantor, the Successor Corporation is a Guarantor or the Borrower;

(e) the Successor Corporation shall execute and/or deliver to the Administrative Agent an agreement supplemental hereto in form reasonably satisfactory to the Administrative Agent and execute and/or deliver such other instruments, if any, which to the reasonable satisfaction of the Administrative Agent and in the opinion of Counsel to the Borrower addressed to the Finance Parties are necessary to evidence (i) the assumption by the Successor Corporation of liability under each Loan Document to which it is a party for the due and punctual payment of all money payable by the Borrower or such Guarantor, as the case may be, thereunder, and (ii) the covenant of the Successor Corporation to pay the same and (iii) the agreement of the Successor Corporation to observe and perform all the covenants and obligations of the Borrower or such Guarantor, as the case may be, under each Loan Document and to be bound by all the terms of each Loan Document so far as they relate to the Borrower or such Guarantor, as the case may be, which instruments, if any, shall be in form reasonably satisfactory to the Administrative Agent; provided there shall be no obligation to deliver such instruments if the Successor Corporation is not a Guarantor or the Borrower;

(f) such transaction shall, to the reasonable satisfaction of the Administrative Agent and be upon such terms as to preserve and not to impair any of the rights and powers of the Administrative Agent, the Lenders and each of them;

(g) all Other Taxes payable as a result of such transaction have been paid by such Successor Corporation;

(h) such transaction will not result in any claim for increased costs pursuant to Section 5.1 or result in any Tax being levied on or payable by the Administrative Agent or any Lender (except for Excluded Taxes);

(i) such transaction will not cause, or have the result of the Administrative Agent, the Lenders or any of them being in default under, non-compliance with, or violation of, any Applicable Law;

(j) if the Successor Corporation is a Guarantor or the Borrower, an opinion of counsel to the Successor Corporation substantially in the form and as to matters addressed in the opinion of counsel delivered pursuant to Section 6.1 shall have been delivered to the Administrative Agent;

(k) each of the covenants set forth in Section 10.3 shall be satisfied on an actual and pro forma basis;

(l) if either of the predecessors was the Borrower or a Guarantor, the creditworthiness of the Successor Corporation (as determined by the Majority of the Lenders in their sole discretion) shall not be less than the creditworthiness of the Borrower or relevant Guarantor immediately prior to giving effect to such transaction;

(m) such transactions will not, in the opinion of the Administrative Agent, have a Material Adverse Effect; and

(n) no Default or Event of Default shall have occurred and be continuing or will occur as a result of such transaction.

13.2 <u>Vesting of Powers in Successor</u>

Except in the case of an amalgamation or other transaction pursuant to which the Successor Corporation is liable for all of the obligations of the Borrower or the Guarantor, as the case may be, by operation of law, whenever the conditions of Section 13.1 above have been duly observed and performed, the Administrative Agent and each of the Lenders shall execute and deliver the supplemental agreement provided for in Section 13.1(e) and thereupon:

(a) the Successor Corporation shall possess and from time to time may exercise each and every right and power of the Borrower or the Guarantor, as the case may be, under this Agreement and the Loan Documents in its own name or in the name of the Borrower or the Guarantor, as the case may be, or otherwise and any act or proceeding by any provision of this Agreement required to be done and performed with like force and effect by the like directors or officers of the Successor Corporation; and

(b) at the request of the Borrower, the Borrower or the Guarantor (other than the Parent Guarantor), as the case may be, shall be released from its liability and obligations under this Agreement, its Guarantee and the Security Documents and the Administrative Agent and the Lenders, at the request and at the expense of the Borrower, shall execute and deliver to the Borrower such instruments as shall reasonably be requisite to evidence such release.

ARTICLE 14
COSTS, EXPENSES AND INDEMNIFICATION

14.1 Costs and Expenses

The Borrower and the Parent Guarantor shall pay promptly, upon request by the Administrative Agent accompanied by reasonable supporting documentation or other evidence, all reasonable costs and expenses in connection with preparation, printing, execution and delivery of this Agreement, the Security Documents and the other documents to be delivered hereunder and the syndication of the Facility including, without limitation, the reasonable fees and out-of-pocket expenses of the Lenders' Counsel with respect thereto. Except for ordinary expenses of the Administrative Agent relating to the day-to-day administration of this Agreement, the Borrower and the Parent Guarantor further agree to pay all costs and expenses (including fees and expenses of the Independent Insurance Consultant, counsel, accountants and other experts) in connection with the interpretation, preservation or enforcement of rights of the Administrative Agent and the Lenders under this Agreement, the Guarantees, the Security Documents and the other documents delivered hereunder including, without limitation, all costs and expenses sustained by them as a result of any failure by the Borrower or any Guarantor to perform or observe its obligations contained in any of this Agreement, the Guarantees, the Security Documents and the other documents delivered hereunder and thereunder.

14.2 Indemnification by the Borrower and the Parent Guarantor

In addition to any liability of the Borrower and the Guarantors to any Lender or the Administrative Agent under any other provision hereof, the Borrower and the Parent Guarantor shall jointly and severally indemnify each Lender and the Administrative Agent and hold each Lender and the Administrative Agent harmless against any costs or expenses incurred by the Lenders or the Administrative Agents as a result (i) of any failure by the Borrower or any Guarantor to fulfil any of its obligations hereunder or under any Loan Document in the manner provided herein including, without limitation, any cost or expense incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by any Lender to fund or maintain any Advance as a result of the failure of the Borrower to complete a Drawdown or to make any repayment or other payment on the date required hereunder or specified by it in any notice given hereunder (but excluding costs arising solely out of loss of anticipated profits); or (ii) the failure of the Borrower or the Parent Guarantor to pay any other amount including, without limitation, any interest or fee due hereunder on its due date; or (iii) as a result of the prepayment or repayment by the Borrower of any Bankers' Acceptance Advance prior to its date of maturity or the last day of the then current Interest Period for such Advance, including, without limiting the generality of the foregoing, any repayment or prepayment resulting from the circumstances referred to in Section 5.2.

14.3 Funds

Each amount advanced, made available, disbursed or paid hereunder shall be advanced, made available, disbursed or paid, as the case may be, in immediately available funds or, after notice from the Administrative Agent, in such other form of funds as may from time to time be customarily used in Toronto, Canada in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made.

14.4 General Indemnity

(a) **Indemnity**. Subject to paragraphs (b), (c) and (d) below, the Borrower and the Parent Guarantor jointly and severally agree to indemnify and save harmless each of the Administrative Agents, each of the Lenders and their respective officers, directors, employees, agents, advisors, representatives and Affiliates (collectively, the "**Indemnitees**" and individually, an "**Indemnitee**") from and against any and all liabilities, costs, claims, damages, penalties, fines, losses and expenses (including reasonable legal fees and disbursements of counsel but excluding loss of profits and consequential damages) (collectively, the "**Losses**") as a result of any claims, actions, orders or proceedings ("**Claims**") asserted against the Indemnitees by a Person other than the Indemnitees in connection with the agreement of the Lenders to provide the Facility, the Commitments of the Lenders and the Advances made by the Lenders including, without limitation: (i) the costs of defending and/or counterclaiming or claiming over against third parties in respect of any Claim; and (ii) subject to the provisions set forth in paragraph (d) below, any Losses arising out of a settlement of any Claim made by the Indemnitees.

(b) **Limitations to Indemnity**. The foregoing obligations of indemnification shall not apply to any Losses suffered by the Indemnitees or any of them or to any Claim asserted against the Indemnitees or any of them to the extent such Loss or Claim has resulted from the gross negligence or wilful misconduct of the Indemnitees or any of them.

(c) **Notification**. Whenever a Lender shall have received notice that a Claim has been commenced or threatened, which, if successful, would subject the Borrower or the Parent Guarantor (the "**Indemnifying Party**") to the indemnity provisions of this Section 14.4, the Lender shall as soon as reasonably possible notify (to the extent permitted by law) the Indemnifying Party in writing of the Claim and of all relevant information the Lender possesses relating thereto; provided, however, that failure to so notify the Borrower or the Parent Guarantor shall not release it from any liability which it may have on account of the indemnity set forth in this Section 14.4, except to the extent that the Indemnifying Party shall have been materially prejudiced by such failure.

(d) **Defence and Settlement**. The Indemnifying Party shall have the right, but not the obligation, to assume the defence of any Claim in any jurisdiction with legal counsel of reputable standard in order to protect the rights and interest of the Indemnitees. In such respect, (i) the Indemnifying Party shall require the consent of the Indemnitees of the choice of legal counsel in connection with the Claim, which consent shall not be unreasonably withheld or delayed; and (ii) without prejudice to the rights of the Indemnitees to retain counsel and participate in the defence of the Claim, the Indemnifying Party and the Indemnitees shall make all reasonable efforts to co-ordinate their course of action in connection with the defence of such Claim. The related costs and expenses sustained in such respect by the Indemnitees shall be at the expense of the Indemnifying Party, provided that the Indemnifying Party shall only be liable for the costs and expenses of one firm of separate counsel in addition to the cost of any local counsel that may be required. If the Indemnifying Party fails to assume defence of the Claim, the Indemnitees will (upon further notice to the Borrower) have the right to undertake, at the expense of the Borrower and the Parent Guarantor, the defence, compromise or settlement of the Claim on behalf and for the account and risk of the Indemnifying Party, subject to the right of the Indemnifying Party to assume the defence of the Claim at any time prior to settlement, compromise or final determination thereof.

Notwithstanding the foregoing, in the event the Indemnitee, acting reasonably, does not agree with the manner or timeliness in which the legal counsel of the Indemnifying Party is carrying on the defence of the Claim, or, pursuant to the opinion of a reputable counsel retained by the Indemnitee, there may be one or more legal defences available different from the one carried on by the legal counsel of the Indemnifying Party, the Indemnitee shall have the right to assume its own defence in the Claim by appointing its own legal counsel. The costs and the expenses sustained by the Indemnitee shall be at the expense of the Indemnifying Party provided that the Indemnifying Party shall only be liable for the costs and expenses of one firm of separate counsel, in addition to the costs of any local counsel that may be required.

The Indemnifying Party shall not be liable for any settlement of any Claim effected without its written consent (which shall not be unreasonably withheld or delayed). In addition, the Indemnifying Party will not, without the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld or delayed), settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any Claim or threatened Claim in respect of which indemnification or contribution may be sought hereunder.

If an offer for settlement made to any Indemnitee and which the Indemnifying Party has recommended for acceptance is rejected by the Indemnitee and the final liability of the Indemnitee in respect of such action and all related damages is greater than such offer, the liability of the Indemnifying Party will only be to indemnify the Indemnitee up to the amount of such offer.

14.5 Environmental Claims

(a) **Indemnity**. Subject to paragraphs (b), (c) and (d) below, the Borrower and the Parent Guarantor jointly and severally agree to indemnify and save harmless the Indemnitee from and against any and all Losses as a result of Claims asserted against the Indemnitees by a Person other than the Indemnitees with respect to any presence or the Release of any Hazardous Material or which arises out of or in connection with any action of, or failure to act by, the Borrower or a Guarantor or any predecessor or successor thereof in contravention of any Environmental Laws including, without limitation: (i) the costs of defending and/or counterclaiming or claiming over against third parties in respect of any Claim; and (ii) subject to the provisions set forth in paragraph (d) below, any Losses arising out of a settlement of any Claim made by the Indemnitees.

(b) **Limitations to Indemnity**. The foregoing obligations of indemnification shall not apply to any Losses suffered by the Indemnitees or any of them or to any Claim asserted against the Indemnitees or any of them which relates, directly or indirectly, to any action or omission of any of the Indemnitees while in possession or control of the Charged Property which is grossly negligent or constitutes wilful misconduct.

(c) **Notification**. Whenever the Administrative Agent or a Lender shall have received notice that a Claim has been commenced or threatened, which, if successful, would subject the Borrower or the Parent Guarantor to the indemnity provisions of this Section 14.5, the Administrative Agent or the Lender, as the case may be, shall as soon as reasonably possible and in any event on or before the expiry of the date (the "**Notification Date**") which is the earlier of (i) the tenth Banking Day after the receipt of such notice by the Administrative Agent or the Lender, and (ii) such date as will afford sufficient time for the Borrower and the Parent Guarantor to prepare and file a timely answer to the Claim, notify the Borrower and the Parent Guarantor of the Claim and of all relevant information the Administrative Agent or the Lender possesses relating thereto.

(d) Defence and Settlement. The provisions of Section 14.4(d) shall apply to any Claims under this Section 14.5.

ARTICLE 15
GENERAL

15.1 Term

The Facility shall expire on the Maturity Date.

15.2 Survival

All covenants, agreements, representations and warranties made herein or in certificates delivered in connection herewith by or on behalf of the Borrower and each Guarantor shall survive the execution and delivery of this Agreement and the making of the Drawdowns hereunder and shall continue in full force and effect so long as there is any obligation of the Borrower and each Guarantor to the Administrative Agent and the Lenders hereunder; provided that notwithstanding the foregoing the provisions of Sections 14.4 and 14.5 shall survive the termination of this Agreement and the repayment of all Advance.

15.3 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the Borrower and the Parent Guarantor and the successors and permitted assigns of the Administrative Agent and the Lenders.

15.4 Notices

All notices, requests, demands or other communications to or from the parties hereto shall be in writing and shall be given by overnight delivery service, by hand delivery or by telecopy to the addressee as follows:

(i) If to the Parent Guarantor or the Borrower:

c/o Sienna Senior Living Inc.
302 Town Center Boulevard
3rd Floor
Markham, ON L3R 0E4

Attention: Nitin Jain

Telecopier: 905.489.0790

(ii) If to the Administrative Agent (unless otherwise set forth herein):

1 First Canadian Place
4th Floor
Toronto, ON M5X 1H3

Attention: Jenny Li
Vice President, Corporate Banking

Telecopier: 416.359.7796

(iii) If to a Lender, to its address set forth in Schedule A

or at such other address or to such other individual as any party may designate by notice to the other parties hereto. If any notice, request, demand or other communication is delivered or transmitted on a day other than a Banking Day or after 3:00 p.m. on any Banking Day, the same shall be deemed to have been effectively given and received on the next following Banking Day.

15.5 Amendment and Waiver

This Agreement and documents collateral hereto may be modified or amended and a waiver of any breach of any term or provision of this Agreement shall be effective only if the Borrower, the Parent Guarantor, the Administrative Agent and the Majority of the Lenders so agree in writing, provided that in all cases the Borrower shall be entitled to rely upon the Administrative Agent, without further inquiry in respect of any amendments or waivers agreed to by the Administrative Agent and which the Administrative Agent has confirmed has been agreed to by the Majority of the Lenders; provided further, however, that no amendment, waiver or consent, unless in writing and signed by all of the Lenders shall: (i) increase the Commitment of any Lender or subject any Lender to any additional obligation; (ii) reduce the principal of, or interest on, the Advances or reduce any fees hereunder; (iii) postpone any date fixed for any payment of principal of, or interest on, the Advances or any other amounts payable hereunder; (iv) change the Rateable Portion of any Lender, or the aggregate unpaid principal amount of the Advances, or the number of Lenders which shall be required for the Lenders to take any action hereunder; (v) release security except in accordance with the provisions of this Agreement; (vi) amend the definition of "**Majority of the Lenders**"; or (vii) amend this Section 15.5; and provided, further, that no amendment, waiver or consent, unless in writing and signed by the Administrative Agent in addition to the Lenders required herein above to take such action, affects the rights or duties of the Administrative Agent under this Agreement or any Advance. A waiver of any breach of any term or provision of this Agreement shall be limited to the specific breach waived.

15.6 Further Assurances

The Borrower and the Parent Guarantor shall, and shall cause each Guarantor to, promptly cure any default in its execution and delivery of this Agreement, any of the Loan Documents or any of the other instruments referred to or contemplated herein to which it is a party. The Borrower, at its expense, will promptly execute and deliver, or cause to be executed and delivered, to the Administrative Agent, upon request, all such other and further documents, agreements, certificates and instruments in compliance with, or accomplishment of the covenants and agreements of the Borrower and each Guarantor hereunder or more fully to state the obligations of the Borrower and each Guarantor as set out herein or to make any recording, file any notice or obtain any consents, all as may be necessary or appropriate in connection therewith. When there is no longer any obligation of the Borrower and the Guarantors to Administrative Agent or the Lenders hereunder or under any other Loan Document (other than contingent obligations which by their terms survive termination of this Agreement), the Administrative Agent shall, at the request and expense of the Borrower, execute all such discharges and things as are reasonably necessary to discharge the security interests granted to the Administrative Agent or the Lenders pursuant to this Agreement.

15.7 Enforcement and Waiver by the Lenders

The Administrative Agent and the Lenders shall have the right at all times to enforce the provisions of this Agreement and agreements to be delivered pursuant hereto in strict accordance with the terms hereof and thereof, notwithstanding any conduct or custom on the part of the Lenders in refraining from so doing at any time or times. The failure of the Administrative Agent or the Lenders at any time or times to enforce their rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom or in any way or manner modified or waived the same. All rights and remedies of the Lenders are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

15.8 Assignment by the Borrower and Parent Guarantor

The rights and obligations of the Borrower and the Parent Guarantor under this Agreement are not assignable to any other Person, except in accordance with Article 13, without the prior written consent of all of the Lenders, which consent shall not be unreasonably withheld.

15.9 Assignments and Transfers by a Lender

(a) With the prior written consent of the Administrative Agent, such consent not to be unreasonably withheld or delayed, any Lender may, at any time, assign all or any of its rights and benefits hereunder or transfer in accordance with this Section 15.9 all or any of its rights, benefits and obligations hereunder to another Person (the "**Assignee**"); provided that any partial assignment or transfer shall be with respect to a minimum Commitment of $5,000,000 and integral multiples of $1,000,000 in excess thereof or such lesser amount as will result in each of the assigning Lender and the Assignee having a minimum Commitment of $5,000,000 and provided further that, provided no Event of Default has occurred and is continuing at the time of any proposed assignment by a Lender, the Lender shall require the prior written consent of the Borrower (such consent not to be unreasonably withheld or delayed).

(b) If any Lender assigns all or any of its rights and benefits hereunder in accordance with Section 15.9(a), then, unless and until the Assignee has agreed with the Administrative Agent and the other Lenders that it shall be under the same obligations towards each of them as it would have been under if it had been an original party hereto as a Lender, none of the Administrative Agent or any of the other Lenders or the Borrower shall be obliged to recognize such Assignee as having the rights against each of them which it would have had if it had been such a party hereto. By executing and delivery the Assignment Agreement the Assignee shall be specifically deemed to have granted the powers of attorney to the Administrative Agent set for in Section 12.16.

(c) If any Lender wishes to transfer all or any of its rights, benefits and/or obligations hereunder as contemplated in Section 15.9(a), then such transfer may be effected upon:

(i) receipt of the written consent of the Borrower to the relevant Assignee by the Administrative Agent unless an Event of Default has occurred and is continuing in which case consent of the Borrower shall not be required;

(ii) the delivery to and countersignature by the relevant Lender of a duly completed and duly executed Assignment Agreement; and

(iii) payment by the transferring Lender to the Administrative Agent of an administration fee of $4,000;

in which event, on the later of the transfer date specified in such Assignment Agreement and the fifth Banking Day after the date of delivery of such Assignment Agreement to the Administrative Agent (unless the Administrative Agent agrees to a shorter period):

(iv) to the extent that in such Assignment Agreement the Lender which is a party thereto seeks to transfer its rights and obligations hereunder, each of the Obligors and such Lender shall be released from further obligations towards one another hereunder and their respective rights against one another shall be cancelled (such rights and obligations being referred to in this Section 15.9(c) as "**discharged rights and obligations**");

(v) each of the Obligors and the Assignee which is a party thereto shall assume obligations towards one another and/or acquire rights against one another which differ from such discharged rights and obligations only insofar as such Obligor and such Assignee have assumed and/or acquired the same in place of such Obligor and such Lender; and

(vi) the Administrative Agent, such Assignee and the other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had such Assignee been an original party hereto as a Lender with the rights and/or obligations acquired or assumed by it as a result of such transfer.

(d) Each of the parties hereto confirms that:

(i) the delivery to a Assignee of an Assignment Agreement signed by a Lender constitutes an irrevocable offer (subject to the conditions of Section 15.9(b)) by each of the parties hereto to accept such Assignee (subject to the conditions set out herein) as a Lender party hereto with the rights and obligations so expressed to be transferred;

(ii) such offer may be accepted by such Assignee by the execution of such Assignment Agreement by such Assignee and upon fulfilment of the conditions set forth in Section 15.9(c); and

(iii) the provisions of this Agreement shall apply to the contract between the parties thereto arising as a result of acceptance of such offer.

(e) The Administrative Agent shall not be obliged to accept any Assignment Agreement received by it hereunder and no such Assignment Agreement may take effect on any day on or after the receipt by the Administrative Agent of a Drawdown Notice and prior to the date for the making of the proposed Advance.

(f) No transfer pursuant to this Section 15.9 shall, unless the Administrative Agent otherwise decides in its absolute discretion and notifies the parties to such transfer accordingly, be effective if the date for effectiveness of such transfer or the day on which the Administrative Agent receives the applicable Assignment Agreement is on, or less than five Banking Days before, the day for the payment of any interest or fee hereunder.

(g) Any Lender may participate all or any part of its interest hereunder, provided that any such participation does not give rise to a claim for increased costs pursuant to Article 5. Such participant shall not be entitled to any vote as a Lender except with respect to matters which require approval or consent of all of the Lenders. The Borrower shall not be obligated to deal with any participant and shall be entitled to deal solely with the Lender and the Lender shall not be released from any of its obligations to the Borrower as a result of such participation except to the extent that the participant has fulfilled such obligations. Such participants shall be bound to the same confidentiality provisions with respect to the Facility, the Borrower and the Guarantors as are applicable to the Lenders.

15.10 <u>Set-Off</u>

Upon the occurrence and during the continuation of an Event of Default, each of the Administrative Agent and each Lender shall have the right to set off against any accounts, credits or balances maintained by the Borrower and any Guarantor with the Administrative Agent or any Lender, any amount due hereunder.

15.11 <u>Conflict</u>

In the event of a conflict or inconsistency between the provisions of this Agreement and the provisions of any other Loan Document, the provisions giving the Finance Parties greater rights or remedies shall govern (to the maximum extent permitted by Applicable Law), it being understood that the purpose of this Agreement and all of the other Loan Documents is to add to, and not detract from, the rights granted to the Finance Parties under the Loan Documents. In the event of any other conflict or inconsistency between the terms of this Agreement and any other Loan Document, the applicable terms of this Agreement shall govern.

15.12 <u>Successors and Assigns</u>

This Agreement shall enure to the benefit of and be enforceable by the Finance Parties and their successors and permitted assigns and shall be binding upon each of the Borrower, the Parent Guarantor and its successors and permitted assigns.

15.13 <u>Counterparts</u>

This Agreement and all documents contemplated by or delivered under or in connection with this Agreement may be executed and delivered in any number of counterparts with the same effect as if all parties had all signed and delivered the same document and all counterparts will be construed together to be an original and will constitute one and the same agreement.

15.14 **Facsimile and Electronic Mail Delivery**

To evidence the fact that it has executed this Agreement or any other document contemplated by or delivered under or in connection with this Agreement, a party may transmit a copy of its executed counterpart to all other parties thereto by facsimile (fax) or by electronic mail and, unless the parties agree to some other date as the date of delivery, the transmitting party shall be deemed to have delivered this Agreement on the date it transmitted such counterpart by facsimile (fax) or by electronic mail or such later date as the transmitting party specifies in a written notice to the other parties given with or prior to the transmission of its executed counterpart.

Any party transmitting an executed counterpart of this Agreement or such other document by facsimile (fax) or electronic mail shall promptly thereafter deliver to the other parties a counterpart bearing its original signature (but any failure or delay in so doing, shall not derogate in any way from the sufficiency or effectiveness of that party having transmitted its executed counterpart by facsimile (fax) or electronic mail).

The signature of an individual executing this Agreement (or any notice, certificate or other document contemplated by this Agreement) on behalf of a party, if sent and received by electronic mail or facsimile (fax) transmission, will be deemed to be genuine in the absence of evidence to the contrary and thus effective in the hands of the recipient, and binding upon the individual whose signature it reproduces and upon the party on whose behalf that individual signed, for all purposes and with the same effect as if it were the original signature of that individual.

15.15 **Time of the Essence**

Time shall be of the essence in this Agreement.

[*The remainder of this page is intentionally left blank*]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

THE ROYALE GP CORPORATION as general partner of THE ROYALE LP

by *"Nitin Jain"*

Name: Nitin Jain
Title: Executive Vice President and Chief Financial Officer

SIENNA SENIOR LIVING INC.

by *"Nitin Jain"*

Name: Nitin Jain
Title: Executive Vice President and Chief Financial Officer

BANK OF MONTREAL, as Administrative Agent

by *"Jenny Li"*

Name: Jenny Li
Title: Director

Name:
Title:

<u>Lenders</u>

BANK OF MONTREAL, as Lender

by *"Jenny Li"*

Name: Jenny Li
Title: Director

Name:
Title:

SCHEDULE A

LENDERS AND THEIR COMMITMENTS

Lender	Facility Commitment	Swingline Credit Limit
Bank of Montreal 1 First Canadian Place 4th Floor Toronto, ON M5X 1H3 Attention: Jenny Li Director, Corporate Banking Telecopier: 416.359.7796	$105,000,000[1]	$5,000,000

[1] Note: Includes Swingline Credit Limit and Letter of Credit Limit.

SCHEDULE B

FORM OF ASSIGNMENT AGREEMENT

TO: Bank of Montreal, as Administrative Agent
THE ROYALE GP CORPORATION as general partner of THE ROYALE LP

WHEREAS The Royale LP (the "**Borrower**"), as Borrower, Sienna Senior Living Inc., as Parent Guarantor, Bank of Montreal, as Administrative Agent and Lender and other parties thereto, the other financial institutions party hereto as Lenders and such other financial institutions which by means of one or more Assignment Agreements became Lenders entered into an amended and restated loan agreement dated as of January 18, 2017 (the "**Loan Agreement**");

AND WHEREAS pursuant to and in accordance with Section 15.9 of the Loan Agreement, a Lender, including the Bank of Montreal, may, with the prior written consent of the Administrative Agent, assign or transfer certain rights, benefits and obligations under the Loan Agreement by duly completing, executing and delivering to the Administrative Agent and to the Borrower this Assignment Agreement;

AND WHEREAS ___________________ (the "**Assignor**") wishes to assign or transfer to ___________________ (the "**Assignee**") the rights, benefits and obligations of the Assignor under the Loan Agreement and the other Loan Documents specified herein;

NOW THEREFORE in consideration of the foregoing and of $1.00 and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the signatories hereto agree as follows:

All capitalized terms defined in the Loan Agreement and not otherwise defined herein have the same meaning as in the Loan Agreement;

The Assignor assigns and transfers to the Assignee the following rights, benefits and obligations (the "**Assignment**"):

[description of the Assigned Rights, Benefits and Obligations, indicating retained interest or fees, if applicable, and Assignee's Commitment and Participation]

(the " **Assigned Rights**", the " **Assigned Benefits**", the " **Assigned Obligations**", as applicable, and collectively the " **Assigned Rights, Benefits and Obligations**").

The Assignee accepts the Assignment and (if applicable) assumes the Assigned Obligations (the "**Assumption**") as if the Assignee had been an original signatory to the Loan Agreement.

The Assignment and the Assumption are governed by and subject to Section 15.9 of the Loan Agreement.

The Assignee acknowledges and confirms that it has not relied upon and that the Assignor, the Administrative Agent has not made any representation or warranty whatsoever as to the due execution, legality, effectiveness, validity or enforceability of the Loan Agreement or any other documentation or information delivered by the Assignor, and/or the Administrative Agent to the Assignee in connection therewith or as to the financial condition of the Borrower, the Parent Guarantor or any of its Subsidiaries. All representations, warranties and conditions express or implied by law or otherwise are hereby excluded.

The Assignee represents and warrants that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, affairs, status and nature of the Borrower, the Parent Guarantor or any of its Subsidiaries and has not relied and will not hereafter rely on the Assignor and/or the Administrative Agent to appraise or keep under review on its behalf the financial condition, creditworthiness, affairs, status or nature of the Borrower, the Parent Guarantor or any of its Subsidiaries.

Each of the Assignor and the Assignee represents and warrants to the other, and to the Administrative Agent, the Lenders and the Borrower that it has the capacity and power to enter into the Assignment and the Assumption in accordance with the terms hereof and to perform its obligations arising therefrom, and all action required to authorize the execution and deliver hereof and the performance of such obligations has been duly taken.

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

DATED this ______ day of ________________,_____.

[ASSIGNOR]

By:_________________________________
Name:
Title:

____
Name:
Title:

[ASSIGNEE]

By:__________________________________
Name:
Title:

____
Name:
Title:

BANK OF MONTREAL, AS ADMINISTRATIVE AGENT

By:__________________________________
Name:
Title:

____
Name:
Title:

SCHEDULE C

FORM OF COMPLIANCE CERTIFICATE

TO: Bank of Montreal ("**BMO**"), as Administrative Agent

AND TO: The Lenders (as defined in the Agreement)

RE: Amended and Restated Loan Agreement (the "**Agreement**") made as of January 18, 2017 between The Royale LP ("**Royale**") as Borrower and Sienna Senior Living Inc. ("**Sienna**") as Parent Guarantor, BMO as administrative agent and the financial institutions party thereto as lenders (collectively, the "**Lenders**")

Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed thereto in the Agreement, as the case may be, unless the context clearly otherwise requires.

I, ■, **[Title]** of Sienna and The Royale GP Corporation (the general partner of Royale), certify for and on behalf of Sienna and Royale in such capacities and not in any personal capacity and without personal liability, as follows, intending that the same may be relied upon by the addressees without further inquiry:

1. This Certificate is being delivered pursuant to Section **[6.1(j)/10.1(a)(iii)]** of the Agreement.

2. The financial statements of Sienna and of Royale for the period ended ■ (the "**Financial Statement Date**") have been prepared and presented in accordance with GAAP and in a manner consistent with past practices, are true and correct in all material respects**[, subject to normal adjustments,]**and present fairly in all material respects the results of operations and changes in the financial position of Sienna and Royale, as of and to the date of such financial statements.

3. As of the date hereof and of the Financial Statement Date, each of Sienna and the Royale Group Members are in compliance with the covenants set forth in the Agreement, and in particular. Sienna is compliant with the financial covenants set forth in Section 10.3 and has:

(a) Total Debt of $■,

(b) Gross Book Value of $■,

(c) EBITDA for the most recent four fiscal quarters of $■ (as detailed in Appendix I hereto),

(d) Debt Service for the most recent four fiscal quarters of $■ (as detailed in Appendix I hereto),

(e) Shareholder's Equity of $■,

(f) a ratio Total Debt to Gross Book Value of ■:1.00,[1]

(g) a Debt Service Coverage Ratio, calculated on a rolling four quarter basis, of ■:1.00, and[2]

(h) Shareholders' Equity of not less than the sum of (i) $150,000 and (ii) 75% of the net proceeds (being gross proceeds less reasonable out-of-pocket costs, fees and expenses of issue) from each offering of Equity Securities of Sienna after January ■, 2017 (the detailed calculations of which are set forth in Appendix I attached hereto) of $■.

4. Each of the representations and warranties set forth in Section 9.1 of the Agreement and in each other Loan Document is true and correct by reference to the facts and circumstances existing on the date hereof and on the Financial Statement Date (except to the extent such representations and warranties relate to a different date, in which case such representations and warranties shall be true and correct in all material respects on and as of such date).

5. No Default or Event of Default has occurred and is continuing.

DATED ___________________, 20__.

____
Name:
Title:

---

[1] Note: Not to exceed 0.70:1.00.

[2] Note: Not to be less than 1.30:100.

SCHEDULE D

FORM OF CONVERSION NOTICE

To: Bank of Montreal
as Administrative Agent
Agent Bank Services
234 Simcoe Street, 3rd Floor
Toronto, Ontario
M5T 1T4

Attention: Marshall Boyce, Client Servicing Analyst
Fax: 416.598.6230

This Conversion Notice is being delivered pursuant to an amended and restated loan agreement dated as of January 18, 2017 (the "**Loan Agreement**") made among The Royale LP, as Borrower, Sienna Senior Living Inc., as Parent Guarantor, Bank of Montreal, as Administrative Agent and the Lenders party thereto. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

We hereby request the following Conversions on ___________________, ________ in respect of the Facility. The Conversions shall be as set forth below:

check the applicable boxes

☐ (a) Prime Rate Advance in the principal amount of $_____________ shall be converted into a Bankers' Acceptance Advance having an Interest Period of _____ days.

☐ (b) Bankers' Acceptance Advance in the aggregate Face Amount or principal amount, as applicable, of $_____________ shall be converted into a Prime Rate Advance.

The representations and warranties set forth in the Loan Documents are true and correct in all material respects on and as of the date hereof, both before and after giving effect to the Conversion referred to above and the application of the proceeds therefrom (except to the extent such representations and warranties relate to a different date, in which case such representations and warranties shall be true and correct in all material respects on and as of such date)

No Default or Event of Default has occurred, and is continuing, nor shall any such event occur as a result of making the requested Conversion or the application of proceeds therefrom.

DATED this _____ day of ______________________, ________.

THE ROYALE GP CORPORATION as general partner of THE ROYALE LP

by ________________________________
Name:
Title:

____
Name:
Title:

SCHEDULE E

FORM OF DRAWDOWN NOTICE

To: Bank of Montreal
as Administrative Agent
Agent Bank Services
234 Simcoe Street, 3rd Floor
Toronto, Ontario
M5T 1T4

Attention: Marshall Boyce, Client Servicing Analyst
Fax: 416.598.6230

This Drawdown Notice is being delivered pursuant to an amended and restated loan agreement dated as of January 18, 2017 (the "**Loan Agreement**") made among The Royale LP, as Borrower, Sienna Senior Living Inc., as Parent Guarantor, Bank of Montreal, as Administrative Agent and the Lenders party thereto. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

The Borrower hereby requests the following Advance under the Facility on ___________________, 20______. The Advance shall be pursuant to:

check the applicable boxes

☐ (a) Prime Rate Advance in the principal amount of $__________________.

☐ (b) Bankers' Acceptance Advance in the aggregate Face Amount and principal amount of $_____________ having a term of _____ days

☐ (c) Letter of Credit in favour of [Beneficiary] in the aggregate face amount of $_____________ having a term of _____ days.

The representations and warranties set forth in the Loan Documents are true and correct in all material respects on and as of the date hereof, both before and after giving effect to the Drawdown referred to above and the application of the proceeds therefrom (except to the extent such representations and warranties relate to a different date, in which case such representations and warranties shall be true and correct in all material respects on and as of such date).

No Default or Event of Default has occurred and is continuing, nor shall any such event occur as a result of making the requested Advance or the application of proceeds therefrom.

DATED this _____ day of _____________________, ________.

THE ROYALE GP CORPORATION AS GENERAL PARTNER OF THE ROYALE LP

by ________________________________
Name:
Title:

____
Name:
Title:

SCHEDULE F

FORM OF ROLLOVER NOTICE

To: Bank of Montreal
as Administrative Agent
Agent Bank Services
234 Simcoe Street, 3rd Floor
Toronto, Ontario
M5T 1T4

Attention: Marshall Boyce, Client Servicing Analyst
Fax: 416.598.6230

This Rollover Notice is being delivered pursuant to an amended and restated loan agreement dated as of January 18, 2017 (the "**Loan Agreement**") made among The Royale LP, as Borrower, Sienna Senior Living Inc., as Parent Guarantor, Bank of Montreal, as Administrative Agent and the Lenders party thereto. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

We hereby request a Rollover of Bankers' Acceptances and BA Equivalent Advances in the aggregate Face Amount and principal amount of $____________ maturing on or having an Interest Period ending on _____________________ to Bankers' Acceptance Advances in the aggregate Face Amount and principal amount of $____________ having a term or Interest Period of _____ days.

The representations and warranties set forth in the Loan Documents are true and correct in all material respects on and as of the date hereof, both before and after giving effect to the Rollover referred to above and the application of the proceeds therefrom (except to the extent such representations and warranties relate to a different date, in which case such representations and warranties shall be true and correct in all material respects on and as of such date)

No Default or Event of Default has occurred and is continuing, nor shall any such event occur as a result of making the requested Rollover or the application of proceeds therefrom.

DATED this _____ day of _____________________, ________.

THE ROYALE GP CORPORATION AS GENERAL PARTNER OF THE ROYALE LP

by ________________________________
Name:
Title:

____
Name:
Title:

SCHEDULE 6.1(H)

FORM OF BORROWING BASE CERTIFICATE

To: Bank of Montreal
as Administrative Agent
Agent Bank Services
234 Simcoe Street, 3rd Floor
Toronto, Ontario
M5T 1T4

Attention: Marshall Boyce, Client Servicing Analyst
Fax: 416.598.6230

This Borrowing Base Certificate is being delivered pursuant to an amended and restated loan agreement dated as of January 18, 2017 (the "**Loan Agreement**") made among The Royale LP, as Borrower, Sienna Senior Living Inc., as Parent Guarantor, Bank of Montreal, as Administrative Agent and the Lenders party thereto. Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

The Borrowing Base as at [date] is equal to $_________________, being the sum of the following Lending Values:

[REDACTED - commercially sensitive information]

[redacted] Lending Value: $________________

[redacted] Lending Value: $________________

[redacted] Lending Value: $_________________

The Lending Value of each of the Properties has been determined as follows:

Property	A. Occupancy	B. Vacancy Discount Factor	C. Appraised Value ($)	D. 75% of Appraised Value	E. Mortgage-ability Amount	Lending Value (B multiplied by the lesser of D and E)
[redacted]						
[redacted]						
[redacted]						

[REDACTED - commercially sensitive information]

[*the remainder of this page intentionally left blank*]

DATED this _____ day of ____________________, ________.

THE ROYALE GP CORPORATION AS GENERAL PARTNER OF THE ROYALE LP

by ______________________________

Name:
Title:

____

Name:
Title:

SCHEDULE 9.1(f)

MATERIAL PERMITS

[REDACTED- Commercially sensitive information]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

SCHEDULE 9.1(g)

LITIGATION AND OTHER PROCEEDINGS

Nil.

SCHEDULE 9.1(j)

SUBSIDIARIES, ETC.

1. See attached.

2. Predecessor or former names of Obligors:

   (a) Parent Guarantor:

      (i) Sienna Senior Living Inc.

   (b) General Partner:

      (i) Nil.

   (c) Borrower:

      (i) Nil.

[REDACTED - commercially sensitive information]

LAST UPDATED: January 10, 2017

SIENNA SENIOR LIVING GROUP OF ENTITIES

[redacted]

[REDACTED - commercially sensitive information]

[redacted]

6287043

SCHEDULE 9.1(k)

PLACE OF BUSINESS

1. Jurisdictions in which the Parent Guarantor and Royale Group Members have any place of business or store any tangible personal property:

(a) Parent Guarantor:

(i) 302 Town Centre Blvd., Markham ON,

(b) Borrower and General Partner:

(i) 302 Town Centre Blvd., Markham ON,

(ii) [redacted]

(iii) [redacted]

(iv) [redacted]

(v) [redacted]

[REDACTED - commercially sensitive information]

2. Address of each chief executive office, registered office and principal place of business of the Parent Guarantor and each Royale Group Member:

(a) Parent Guarantor:

(i) Chief executive office and principal place of business – see item 1(a)(i), and

(ii) Registered office – 1900-355 Burrard Street, Vancouver BC;

(b) Borrower and General Partner:

(i) Chief executive office, principal place of business and registered office – see item 1(b)(i);

3. The addresses of all other locations in which the Parent Guarantor and each of the Royale Group Members (A) maintains any books or records relating to any accounts, contract rights, chattel paper, intangibles or equipment or inventory normally used in more than one jurisdictions or (B) issues accounts or invoices:

(a) Parent Guarantor:

(i) Nil.

(b) Borrower and General Partner:

(i) See item 1(b).

SCHEDULE 9.1(m)

MATERIAL AGREEMENTS

[REDACTED - commercially sensitive information]

1. Limited Partnership Agreement.

2. The limited partnership agreement, as amended November 10, 2005, between Sienna Senior Care GP Inc., as general partner, and the Parent Guarantor, as limited partner.

3. The declaration of trust by the General Partner dated April 27, 2011 with respect to holding title to the fee simple interest in the [redacted] and the [redacted].

4. The agency, bare trust and nominee agreement between the General Partner, on behalf of the Borrower, and [redacted] dated May 24, 2012 with respect to holding title to the fee simple interest in the [redacted].

5. The agency, bare trust and nominee agreement between the Corporation on behalf of the Partnership and [redacted] dated May 24, 2012 with respect to holding title to the fee simple interest in the property municipally known as [redacted]

6. The amended and restated credit agreement made as of November 21, 2005 between Leisureworld Senior Care LP and BNY Trust Company of Canada with respect to a senior non-revolving term bridge facility in the aggregate principal amount of $322,000,000 and a senior revolving credit facility in an aggregate principal amount of up to $20,000,000, along with the first amending agreement dated October 17, 2006, a second amending agreement dated October 16, 2007, a third amending agreement dated January 31, 2008, a fourth amending agreement dated October 17, 2008, a fifth amending agreement dated October 16, 2009, a sixth amending agreement dated March 10, 2010, a seventh amending agreement dated October 15, 2010, an eighth amending agreement dated October 14, 2011, a ninth amending agreement dated October 13, 2012, a tenth amending agreement dated November 8, 2013, an eleventh amending agreement dated October 10, 2014, a twelfth amending agreement dated June 30, 2015 and a thirteenth amending agreement dated October 10, 2015.

SCHEDULE 9.1(q)

PENSION PLAN MATTERS, ETC.

[REDACTED - commercially sensitive information]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

[redacted] [redacted]

SCHEDULE 9.1(u)

INTELLECTUAL PROPERTY

[REDACTED - commercially sensitive information]

1. The following business names have been registered by the Borrower:

[redacted]

2. The following business names are registered by Sienna Senior Living Inc.

Owner	Business Name
Sienna Senior Living Inc.	Sienna Senior Living

3. The following trademarks are registered by Sienna Senior Living Inc.

No.	Trademark	Status	Goods and Services
1	L.I.F.E (Live It Fit Everyday)	Allowed (Pending) App 1687805 App 31-JUL-2014 Response Due by: 31-JUL-	(1) Conduct a program study for pre and post testing to measure the improvements in the physical and emotional well-being of participants. (2) Developing programs promoting physical activity participation in seniors to support a healthy lifestyle.

No.	Trademark	Status	Goods and Services
		2017	
2	SIENNA SENIOR LIVING	Allowed (Pending) App 1708081 App 19-DEC-2014 Response Due by: 19-DEC-2017	(1) Owner, operator and manager of seniors living communities, namely long-term care homes, assisted living homes, retirement homes, supportive living and independent living; business management and operation for others of seniors living communities, namely long-term care homes, retirement homes, assisted living homes, supportive living and independent living; managing and operating for others seniors living communities, namely long-term care homes, retirement homes, retirement homes, assisted living homes, supportive living and independent living; rental and leasing of apartments and other residential living units in long-term care, retirement, assisted living, supportive living and independent living and providing residential housing facilities for seniors; real estate management of long-term care, retirement, assisted living, supportive living and independent living and providing residential housing facilities for seniors; providing all aspects of long-term and acuity care for seniors and disabled adults, namely the management and administration of medication, dementia care, wound care and a wide range of other nursing care, providing programs and activities, support, meals and a wide range of therapeutic services; providing occupational therapy; providing palliative care; providing transportation for the elderly and disabled; providing physical fitness instruction and exercise programs for seniors; providing educational and training services in the area of geriatric care; providing cognitive fitness programs for seniors; providing amenities associated with long-term care homes, retirement homes, assisted living homes, supportive living and independent living; providing temporary lodging and accommodations for seniors; providing temporary lodging and accommodations for families of seniors in long-term care, supportive living, retirement and independent living and assisted living; providing assistance to seniors and their families seeking to determine seniors living accommodation and services appropriate to their needs; catering for the provision of food and beverages.
3	SIENNA FOR SENIORS & Design SiennaforSeniors	Formalized App 1817728 App 2017-01-11	(1) Owner, operator and manager of seniors living communities, namely long-term care homes, assisted living homes, retirement homes, supportive living and independent living; business management and operation for others of seniors living communities, namely long-term care homes, retirement homes, assisted living homes, supportive living and independent living; managing and operating for others seniors living communities, namely long-term care homes, retirement homes, retirement homes, assisted living homes, supportive living and independent living; rental and leasing of apartments and other residential living units in long-term care, retirement, assisted living, supportive living and independent living and providing residential housing facilities for seniors; real estate management of long-term care, retirement, assisted living, supportive living and independent living and providing residential housing facilities for seniors; providing all aspects of long-term and acuity care for seniors and disabled adults, namely the management and administration of medication, dementia care, wound care and a wide range of other nursing care, providing programs and activities, support, meals and a wide range of therapeutic services; providing occupational therapy; providing palliative care; providing transportation for the elderly and disabled; providing physical fitness instruction and exercise programs for seniors; providing educational and training services in the area of geriatric care; providing cognitive fitness programs for seniors; providing amenities associated with long-term care homes, retirement homes, assisted

No.	Trademark	Status	Goods and Services
			living homes, supportive living and independent living; providing temporary lodging and accommodations for seniors; providing temporary lodging and accommodations for families of seniors in long-term care, supportive living, retirement and independent living and assisted living; providing assistance to seniors and their families seeking to determine seniors living accommodation and services appropriate to their needs; catering for the provision of food and beverages
4	SIENNA FOR SENIORS	Formalized App 1817854 App 2017-01-12	(1) Owner, operator and manager of seniors living communities, namely long-term care homes, assisted living homes, retirement homes, supportive living and independent living; business management and operation for others of seniors living communities, namely long-term care homes, retirement homes, assisted living homes, supportive living and independent living; managing and operating for others seniors living communities, namely long-term care homes, retirement homes, retirement homes, assisted living homes, supportive living and independent living; rental and leasing of apartments and other residential living units in long-term care, retirement, assisted living, supportive living and independent living and providing residential housing facilities for seniors; real estate management of long-term care, retirement, assisted living, supportive living and independent living and providing residential housing facilities for seniors; providing all aspects of long-term and acuity care for seniors and disabled adults, namely the management and administration of medication, dementia care, wound care and a wide range of other nursing care, providing programs and activities, support, meals and a wide range of therapeutic services; providing occupational therapy; providing palliative care; providing transportation for the elderly and disabled; providing physical fitness instruction and exercise programs for seniors; providing educational and training services in the area of geriatric care; providing cognitive fitness programs for seniors; providing amenities associated with long-term care homes, retirement homes, assisted living homes, supportive living and independent living; providing temporary lodging and accommodations for seniors; providing temporary lodging and accommodations for families of seniors in long-term care, supportive living, retirement and independent living and assisted living; providing assistance to seniors and their families seeking to determine seniors living accommodation and services appropriate to their needs; catering for the provision of food and beverages

SCHEDULE 9.1(v)

EXISTING DEBT

4.65% extendible convertible unsecured subordinated debenture issued by Sienna Senior Living Inc. on April 25, 2013 for aggregate principal amount of $46,000,000

SCHEDULE 9.1(y)

LABOUR MATTERS

[REDACTED - commercially sensitive information]

1. Collective agreement between [redacted] and [redacted]

2. Collective agreement between [redacted] and [redacted]

3. [redacted] Employee Association Agreement

4. Team Member Association Agreement between the [redacted] and Team Members of the [redacted]