**THIS THIRD AMENDMENT AGREEMENT** is made as of the 26th day of September, 2013,

**B E T W E E N**:

**THE SECOND CUP LTD.**
as Borrower

- and –

**THE BANK OF NOVA SCOTIA**
as Lender

**RECITALS**:

A. The Second Cup Ltd., as borrower (the "**Borrower**") and The Bank of Nova Scotia, as lender (the "**Lender**") are parties to a third amended and restated credit agreement made as of 1 January 2011, as amended by an amendment agreement dated as of 12 June 2012 and a second amendment agreement dated as of 30 November 2012 (collectively, the "**Credit Agreement**"). Unless otherwise defined herein, all terms which are defined in the Credit Agreement have the same meanings when used herein.

B. The Borrower has requested that the Credit Agreement be amended as stipulated herein.

C. The parties are entering into this Agreement to amend the Credit Agreement.

**NOW THEREFORE**, for value received, and intending to be legally bound by this Agreement, the parties agree as follows:

**1. Amendment to Extend the Maturity Date**

(a) The definition of "Maturity Date" in Section 1.1 of the Credit Agreement is hereby deleted and replaced with the following:

"**Maturity Date**" means 30 September 2016.

**2. Amendments to Interest Rates and Fees**

(a) Section 4.2(1) of the Credit Agreement is hereby deleted and replaced with the following:

(1) Interest rates, Banker's Acceptance Fees and Standby Fees will vary and be calculated based on the Total Leverage Ratio as follows:

| **Level** | **Total Leverage Ratio** | **Applicable Margin for Prime Rate Advances (% per annum)** | **Banker's Acceptance Fees (% per annum)** | **Standby Fees (% per annum)** |
|---|---|---|---|---|
| I | < 1.00 to 1 | | | |
| II | ≥ 1.00 to 1 but < 1.50 to 1 | | | |
| III | ≥ 1.50 to 1 but < 1.75 to 1 | | | |

Any increase or decrease in interest rates, Banker's Acceptance Fees and Standby Fees resulting from a change in the Total Leverage Ratio shall be effective for all Advances under the Credits (including outstanding Advances) as of the date on which a Compliance Certificate concerning the calculation of the ratio was due, except that if a Compliance Certificate is late, any resulting decrease in interest rates, Banker's Acceptance Fees and Standby Fees shall be effective only as of the date that a satisfactory Compliance Certificate is actually received by the Lender. Banker's Acceptance Fees accepted before the effective date of an increase or decrease in interest rates, Banker's Acceptance Fees and Standby Fees under this Section 4.2(1), will not be adjusted.

(b) Section 4.3 of the Credit Agreement is hereby deleted and replaced with the following:

The Borrower shall pay a standby fee ("**Standby Fee**") on the daily unadvanced portion of Credit B at a rate per annum which shall vary and be calculated based on the Total Leverage Ratio as set out in the column in Section 4.2(1) headed "Standby Fees". The Standby Fee shall be calculated daily and shall be payable monthly in arrears on each Interest Payment Date. Upon final payment of the Obligations relating to Credit B, the Borrower shall also pay any accrued but unpaid Standby Fee on Credit B.

**3. Amendments to Financial Covenants**

Section 9.1 of the Credit Agreement is hereby deleted and replaced with the following:

**9.1 Financial Covenants of the Borrower**

(1) The Borrower shall at all times maintain or cause to be maintained a Total Leverage Ratio of not greater than 1.75:1.

(2) The Borrower shall at all times maintain or cause to be maintained a Fixed Charge Coverage Ratio of not less than the levels indicated below, for the applicable periods noted below:

| PERIOD | Fixed Charge Coverage Ratio (minimum permitted) |
|---|---|
| From 30 September 2013 up to and including 30 June 2014 | 1.35 to 1 |
| After 30 June 2014 | 1.50 to 1 |

Unless otherwise provided, the foregoing ratios shall be calculated quarterly on a rolling four quarter basis, based on the most recently completed four fiscal quarters of the Borrower. For purposes of calculating the financial covenants in Section 9.1(1) and 9.1(2) and for pricing of the Credits in Section 4.2 (Interest Rates and Fees) and Section 4.3 (Standby Fee), the Total Leverage Ratio and Fixed Charge Coverage Ratio shall be calculated on the basis that EBITDA in respect of any rolling four quarters shall exclude any one-time listing fees (up to a maximum amount of $1,100,000) incurred by the Borrower in its 2014 fiscal year. For greater certainty, the foregoing exclusion from EBITDA shall not apply in the determination of a Permitted Distribution in accordance with the terms of this Agreement.

**4. Amendment to Form of Compliance Certificate**

The form of Compliance Certificate attached as Schedule B to the Credit Agreement is hereby replaced with the form of Compliance Certificate attached as Exhibit A to this Agreement.

**5. Pricing on Closing of Agreement.**

Interest rates, Banker's Acceptance Fees and Standby Fees, as applicable, for the period ending on the date on which the quarterly Compliance Certificate of the Borrower for its fiscal quarter ending 30 September 2013 is delivered to the Bank, shall be calculated on the basis that the Total Leverage Ratio is Level II (i.e. $\geq$ 1.00 to 1 but $<$ 1.50 to 1).

**6. Conditions Precedent to Effectiveness of this Agreement**

This Agreement shall become binding on the Lender only upon satisfaction of the following conditions precedent:

(a) execution and delivery of this Agreement by the Borrower;

(b) the Lender having received an extension fee equal to $ ;

(c) the Lender having received a certificate of the Borrower (i) attaching true copies of its current Constating Documents, (ii) including a list of its officers and directors, with specimens of the signatures of those who are executing this Agreement on its behalf, (iii) attaching true copies of the corporate proceedings taken to authorize it to execute, deliver and perform its obligations under this Agreement, (iv) containing a list of all of its directors and their respective occupations and (v) containing a list of all Persons that directly or indirectly own or control 25% or more of the outstanding Equity of the Borrower;

(d) up to three (as determined by the Lender) individual officers or directors of the Borrower who will be signing this Agreement (each, a "**signatory**") shall have made themselves available to the Lender (or its agent, pursuant to a Personal Information Agent Agreement), in person, and shall have produced to the Lender (or its agent) a minimum of two unexpired identification documents (at least one of which must be a birth certificate, driver's license, passport, provincial health insurance card, if permitted by the applicable provincial law, or other government-issued document) and permit the examination and the making of copies of those documents with a view to the Lender (or its agent) gathering the full names of and the dates of birth of each signatory, the type of identification document examined, the reference numbers of each of the identification documents examined and the place of issue of the identification documents examined (collectively, the "**Personal Information**") and the Personal Information (together with photocopies of each identification document examined) shall have been provided to the Lender; and

(e) no Event of Default or Pending Event of Default having occurred and being continued as at the date of satisfaction of all of the foregoing conditions precedent.

## 7. Representations and Warranties

The Borrower represents and warrants to the Lender as specified below:

(a) the entering into and performance by it of this Agreement (i) have been duly authorized by all necessary corporate or other action on its part and (ii) do not and will not violate its Constating Documents, any Applicable Law, any Permit, any Material Contract or any other Contract to which it is a party;

(b) this Agreement constitutes a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, subject to the availability of equitable remedies and the effect of bankruptcy, insolvency and similar laws affecting the rights of creditors generally;

(c) the representations and warranties made by it in the Credit Agreement, other than those expressly stated to be made as of a specific date, are true and correct as of the date hereof with the same effect as if such representations and warranties had been made on and as of the date hereof; and

(d) no Event of Default or Pending Event of Default has occurred and is continuing on the date hereof.

**8. Confirmation of Credit Documents**

The Credit Agreement, as amended herein, and the other Credit Documents shall continue in full force and effect in accordance with their respective terms and are hereby ratified and confirmed in all respects.

**9. Further Assurances**

At the request of the Lender, the Borrower shall do all such further acts and execute and deliver all such further documents as may, in the reasonable opinion of the Lender, be necessary or desirable in order to fully perform and carry out the purpose and intent of this Agreement.

**10. Counterparts and Facsimile**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. The delivery of a facsimile or portable document format (PDF) copy of an executed counterpart of this Agreement shall be deemed to be valid execution and delivery of this Agreement, but the party delivering a facsimile or portable document format (PDF) copy shall deliver an original copy of this Agreement as soon as possible after delivering the facsimile or portable document format (PDF) copy.

**11. Governing Law**

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

[SIGNATURE PAGES FOLLOW]

**IN WITNESS OF WHICH,** the parties have executed this Agreement as of the date first written above.

**THE SECOND CUP LTD.**

By: ______________________
Name: STACEY MOWBRAY
Title: PRESIDENT + CEO

By: ______________________
Name: STEVEN BOYACK
Title: CFO

*[signature page for Third Amendment Agreement to Third Amended & Restated Credit Agreement relating to The Second Cup Ltd.]*

**IN WITNESS OF WHICH**, the parties have executed this Agreement as of the date first written above.

**THE BANK OF NOVA SCOTIA**

By: SHY

Name: Steve Holyman
Title: Director

By: HMeldrum

Name: Heather Meldrum
Title: Associate

*[signature page for Third Amendment Agreement to Third Amended & Restated Credit Agreement relating to The Second Cup Ltd.]*

EXHIBIT A TO THIRD AMENDMENT AGREEMENT

**SCHEDULE B**

**FORM OF COMPLIANCE CERTIFICATE**

***[see references in Sections 6.2 and 9.3(1)(c)]***

**TO: THE BANK OF NOVA SCOTIA, as Lender**

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We refer to Sections 6.2 and 9.31(1)(c) of the third amended and restated credit agreement dated as of 1 January 2011 between The Second Cup Ltd., as borrower and The Bank of Nova Scotia, as the Lender named therein, as amended by an amendment agreement dated as of 12 June 2012, a second amendment agreement dated as of 30 November 2012 and a third amendment agreement dated as of 26 September 2013, and as may be further amended, supplemented, restated or replaced from time to time (the "**Credit Agreement**"). All terms used in this certificate that are defined in the Credit Agreement will have the meanings defined in the Credit Agreement.

The undersigned hereby certifies that:

(a) The representations and warranties made in Section 8.1 of the Credit Agreement, other than those expressly stated to be made as of a specific date or otherwise expressly modified pursuant to the provisions of Section 8.2 of the Credit Agreement, are true and correct on and as of the date hereof with the same force and effect as if such representations and warranties had been made on and as of the date hereof, but subject to the same qualifications as are contained in Section 8.2 of the Credit Agreement.

(b) No Pending Event of Default or Event of Default has occurred and is continuing on the date hereof [**or as the case may be**].

(c) The financial statements of the Borrower for the fiscal [**quarter/year**] ending [•] which have been furnished to the Lender herewith are complete in all material respects and fairly present the Borrower's consolidated financial position as of the dates and for the periods referred to therein and have been prepared in accordance with GAAP on a basis consistent with prior periods, except that, in the case of quarterly statements, notes to the statements and normal year end audit adjustments required by GAAP are not included.

(d) The undersigned hereby certifies that, as of the end of its most recently completed fiscal quarter, which ended on ________________,

(i) the Total Leverage Ratio was ____:1;

(ii) the Fixed Charge Coverage Ratio was ____:1;

(iii) the amount of Permitted Distributions for the Borrower calculated on a consolidated basis and on a cumulative basis from 1 April 2009 was ______________;

(iv) the amount of Distributions made by the Borrower calculated on a consolidated basis and on a cumulative basis from 1 April 2009 was ______________; and

(v) the aggregate principal amount (or fair market value of Property Encumbered if no principal amount is designated) of all Purchase Money Encumbrances of all Restricted Parties outstanding at the end of such fiscal quarter was $____________________.

(e) Based on the calculation of the Borrower's Total Leverage Ratio as set out in (d)(i) above in respect of its most recently completed fiscal quarter, which ended on ______________, and in accordance with the provisions of Section 4.2(1) of the Credit Agreement, interest rates, Banker's Acceptance Fees and Standby Fees shall be calculated based on pricing level ________. ***[insert applicable pricing level]***

(f) Appendix A attached sets out the calculations of the ratios (and components thereof) referred to above and the calculations and particulars of Purchase Money Encumbrances and all Distributions referred to above.

(g) Appendix B attached is an up to date version of **Error! Reference source not found.** to the Credit Agreement**. [*or* There has been no change to the information contained in the version of Error! Reference source not found. attached to the Credit Agreement.]**

(h) Appendix C attached contains details (and the status thereof) of all breaches or defaults of all real property Leases and Franchise Agreements to which a Restricted Party (or a franchisee of Second Cup Cafés) is a party as of the end of such Restricted Party's most recently completed fiscal [**quarter/year**] ending [•].

DATED ______________________.

**THE SECOND CUP LTD.**

By: ___________________________________
Name:
Title: