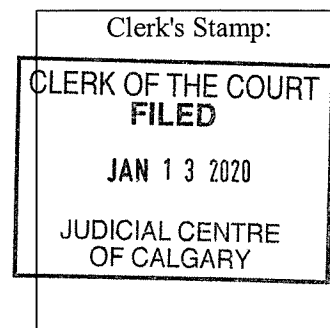


COURT FILE NUMBER	2001-00425
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ROYAL BANK OF CANADA
DEFENDANTS	MCARTHUR FURNITURE (ALBERTA) LTD., MTK PROPERTIES LTD., THERESA POUND and EDWIN POUND
DOCUMENT	AFFIDAVIT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Burnet, Duckworth & Palmer LLP 2400, 525 – 8 Avenue SW Calgary, Alberta T2P 1G1 Lawyer: David LeGeyt / Ryan Algar Phone Number: (403) 260-0210 / 0126 Fax Number: (403) 260-0332 Email Address: dlegeyt@bdplaw.com / ralgar@bdplaw.com File No. 55398-52



AFFIDAVIT OF MARLENE STARENKY

Sworn on January 9, 2020.

I, Marlene Starenky, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am a Senior Manager in the Special Loans and Advisory Services Group of Royal Bank of Canada ("RBC" or the "Lender"), the Plaintiff and applicant creditor herein and, as such, have personal knowledge of the matters deposed to except where stated to be based on information and belief, in which case I verily believe the same to be true.
2. I have reviewed the business records of the Lender relevant to the Lender's application seeking the appointment of a receiver and manager over all of the current and future assets, undertakings and property of McArthur Furniture (Alberta) Ltd. ("McArthur") and MTK Properties Ltd. ("MTK" and

together with McArthur, the "**Borrowers**") and have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit on behalf of RBC.

The Borrowers

3. McArthur is a corporation incorporated under the laws of Alberta. A search record for McArthur from the Alberta Corporate Registry is attached as **Exhibit "1"**. McArthur's registered office and records office are located in Calgary, Alberta.
4. MTK is a corporation incorporated under the laws of Alberta. A search record for MTK from the Alberta Corporate Registry is attached as **Exhibit "2"**. MTK's registered office and records office are located in Calgary, Alberta.

The Indebtedness

5. RBC extended credit facilities and related services to McArthur pursuant to a credit facility dated November 8, 2011 (the "**McArthur Loan Agreement**"). A copy of the McArthur Loan Agreement is attached and marked as **Exhibit "3"**.
6. As of January 6, 2020 McArthur was indebted to RBC for of CAD \$653,578.88, plus interest and costs which continue to accrue, in respect of funds borrowed under the McArthur Borrowing Agreement (the "**McArthur Indebtedness**").
7. RBC extended credit facilities and related services to MTK pursuant to commitment letters also dated November 8, 2011 with respect to the properties municipally described as 67 Glenbrook Place SW, Calgary, Alberta (the "**Glenbrook Property**") and 141 Gateway Drive NE, Airdrie, Alberta (the "**Airdrie Property**") as amended from time to time (the "**MTK Loan Agreements**"). Copies of the MTK Loan Agreements are collectively attached and marked as **Exhibit "4"**.
8. The MTK Loan Agreements and the McArthur Loan Agreement are collectively referred to as the "**Loan Agreements**".
9. As at January 6, 2020 MTK was indebted to RBC for CAD \$7,193,879.32, plus interest and costs which continue to accrue, in respect of amounts outstanding under MTK Loan Agreements (the "**MTK Indebtedness**").

10. The McArthur Indebtedness and the MTK Indebtedness are collectively referred to herein as the "**Indebtedness**".

The Security

(a) McArthur

11. McArthur granted security to RBC in respect of all of its obligations, indebtedness, and liabilities to RBC, under the McArthur Borrowing Agreement, including a General Security Agreement dated January 11, 2012, charging all present and after-acquired personal property and all proceeds and renewals thereof, accretions thereto, and substitutions therefor (the "**McArthur Security**"). A copy of the McArthur Security is attached and marked as **Exhibit "5"**.
12. The McArthur Security was duly registered in the Alberta Personal Property Registry (the "**PPR**") on September 22, 2011. A copy of a search of registrations against McArthur in the PPR, retrieved on January 6, 2020 is attached and marked as **Exhibit "6"**.

(b) MTK

13. To secure the obligations owing to RBC, MTK granted the following security dated June 11, 2012 in favour of RBC:
- (a) With respect to the Glenbrook Property:
 - (i) a mortgage (the "**Glenbrook Mortgage**");
 - (ii) a General Assignment of Rents and Leases;
 - (iii) a Specific Assignment of the lease entered into by McArthur; and
 - (iv) a Site Specific Security Agreement; and
 - (b) with respect to the Airdrie Property:
 - (i) a mortgage (the "**Airdrie Mortgage**" and together with the Glenbrook Mortgage, the "**MTK Mortgages**");
 - (ii) a General Assignment of Rents and Leases;
 - (iii) a Specific Assignment of the lease entered into by McArthur; and
 - (iv) a Site Specific Security Agreement,

(collectively, the "**MTK Security**").

14. Copies of the MTK Security with respect to the Glenbrook Property are collectively attached and marked as **Exhibit "7"**. Copies of the MTK Security with respect to the Airdrie Property (excepting out the Site Specific Security Agreement) are collectively attached and marked as **Exhibit "8"**.
15. The General Assignments of Rents and Leases, the Specific Assignments of Lease and the MTK Mortgages were duly registered on January 13, 2012 against the Certificates of Title for the Glenbrook Property and the Airdrie Property. The Site Specific Security Agreements were registered at the Alberta Personal Property Registry on September 13, 2018.
16. A Certificate of Title for the Glenbrook Property, dated 6, 2020, is attached and marked as **Exhibit "9"**. A Certificate of Title for the Airdrie Property, dated 6, 2020, is attached and marked as **Exhibit "10"**. A copy of a registration search against MTK in the PPR, retrieved on 6, 2020 is attached and marked as **Exhibit "11"**.
17. The MTK Security and the McArthur Security are collectively referred to as the "**Security**".

Default and Demands

18. The Borrowers are in default of the Loan Agreements and the Security, and all amounts owing to RBC under the Loan Agreements are immediately due and payable. The Borrowers' defaults include, among others:
 - (a) failure to make scheduled payments to RBC in accordance with the Loan Agreements and the MTK Mortgages;
 - (b) a material adverse change to each of the Borrowers' financial position; and
 - (c) the loans under the Loan Agreements have matured.
19. On October 11, 2018, RBC provided notice of the foregoing defaults and notices of intention to enforce security pursuant to section 244(1) of the *BIA* to the Borrowers (each a "**244 Notice**"). Concurrently therewith, RBC demanded repayment of the Indebtedness. Copies of the demands and 244 Notices are collectively attached and marked as **Exhibit "12"**.

20. The Borrowers have failed or neglected, and continue to fail or neglect, to repay the Indebtedness, and are in default of their obligations under the Loan Agreements.

Forbearance Agreement

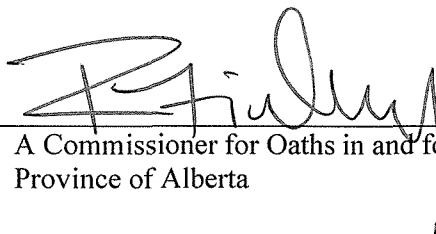
21. In October of 2018, RBC, the Borrowers and the Guarantors entered into a Forbearance Agreement, which was subsequently amended and extended by a Forbearance Extension Agreement dated April 18, 2019 (as amended, the "**Forbearance Agreement**").
22. A copy of the Forbearance Agreement is attached and marked as **Exhibit "13"**. A copy of the Forbearance Extension Agreement is attached and marked as **Exhibit "14"**.
23. A Consent Receivership Order is appended as Schedule "F" to the Forbearance Agreement and has been executed by counsel to the Borrowers. RBC is entitled to complete any blanks in the Consent Receivership Order at its sole discretion.
24. The "**Forbearance Period**" under the Forbearance Agreement has expired and the Indebtedness remains outstanding. Further, the Borrowers remain in in default of the Loan Agreements and the Security, which constitutes an "**Event of Default**" under the Forbearance Agreement.
25. Following the expiry of the Forbearance Period, RBC continued to informally forbear from commencing proceedings or otherwise enforcing its rights. RBC did this because the Defendants presented multiple signed agreements for the sale of either the Glenbrook Property or the Airdrie Property. However, all of these agreements were conditional and none of them became binding and none of them closed. As a result, RBC has lost confidence in the Defendants' ability to liquidate their property or otherwise repay RBC. The patience of RBC is now at an end and RBC is of the view that the most expedient way to recover its loans is through the appointment of a receiver and manager over the property of the Borrowers.

Appointment of Receiver

26. RBC is presently entitled to prosecute its legal remedies under the Loan Agreement and the Security and RBC has the right to appoint or apply to this Honourable Court to appoint a receiver and manager over the property, assets and undertaking of the Borrowers. RBC wishes to exercise that right at this time and counsel to the Borrowers has executed the Consent Receivership Order.

27. I verily believe that the immediate appointment of a receiver manager of all undertaking, property and assets of the Borrowers is just and convenient and is necessary to protect the interests of RBC, including to preserve the remaining assets of the Borrowers and to realize on RBC's Security.
28. I verily believe RBC's collateral is at risk and will be further eroded unless a receiver is immediately appointed. No other viable alternative is presently available to RBC.
29. I verily believe that KPMG Inc. ("**KPMG**") is qualified and prepared to act as receiver or receiver and manager of the Borrowers. Attached hereto, marked as **Exhibit "15"** is a true copy of a signed Consent to Act executed by Neil Honess on behalf of KPMG.
30. I make this Affidavit in support of RBC's application for a receivership order in respect of the Borrowers.

SWORN BEFORE ME at the City of Calgary, in)
 the Province of Alberta this 9th day of January,)
 2020.)



 A Commissioner for Oaths in and for the
 Province of Alberta

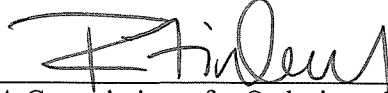


 Marlene Starenky

Robyn Anne Finley
 A Commissioner for Oaths/Notary Public
 In and for the Province of Alberta

ROBYN ANNE FINLEY
 Barrister and Solicitor

**THIS IS EXHIBIT "1" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**

A handwritten signature in black ink, appearing to read 'R. Finley', written over a horizontal line.

A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2020/01/06
Time of Search: 08:47 AM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD
Service Request Number: 32274615
Customer Reference Number:

Corporate Access Number: 200268126

Legal Entity Name: MCARTHUR FURNITURE (ALBERTA) LTD

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

Registration Date: 1960/03/18 YYYY/MM/DD

Date of Last Status Change: 2017/06/26 YYYY/MM/DD

Registered Office:

Street: 900, 332 6TH AVENUE SW

City: CALGARY

Province: ALBERTA

Postal Code: T2P 0B2

Records Address:

Street: 900, 332 6TH AVENUE SW

City: CALGARY

Province: ALBERTA

Postal Code: T2P 0B2

Email Address: CORPORATESERVICES@CARSCALLEN.COM

Directors:

Last Name: POUND

First Name: THERESA

Middle Name: M.

Street/Box Number: 892 SHAWNEE DRIVE SW

City: CALGARY

Province: ALBERTA

Postal Code: T2Y 1X3
Last Name: POUND
First Name: DARIN
Street/Box Number: 1351 KINGS HEIGHTS ROAD SE
City: AIRDRIE
Province: ALBERTA
Postal Code: T4A 0E4

Last Name: POUND
First Name: ROBERT
Street/Box Number: 121 KINGSLAND COURT SE
City: AIRDRIE
Province: ALBERTA
Postal Code: T4A 0E5

Voting Shareholders:

Legal Entity Name: 347885 ALBERTA LTD.
Corporate Access Number: 203478854
Street: 67 GLENBROOK PLACE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T3E 6W4
Percent Of Voting Shares: 100

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
DESIGNER RESOURCE CENTER...TO THE TRADE	TN8912156

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2019	2019/10/17

Continued Under the Business Corporations Act on: 1984/01/20 YYYY/MM/DD

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2001/08/29	Capture Microfilm/Electronic Attachments
2016/05/13	Change Director / Shareholder
2017/05/02	Status Changed to Start for Failure to File Annual Returns
2017/11/10	Change Address
2019/10/17	Enter Annual Returns for Alberta and Extra-Provincial Corp.

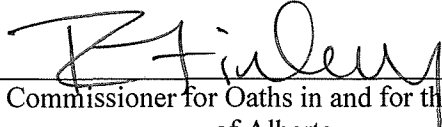
Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Amended Annual Return	10000899000174978	2001/08/29
Statutory Declaration Notice Error	10000804100126709	2011/07/21

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



**THIS IS EXHIBIT "2" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2020/01/06
Time of Search: 08:25 AM
Search provided by: ELDOR-WAL REGISTRATIONS (1987) LTD
Service Request Number: 32274378
Customer Reference Number:

Corporate Access Number: 205726938
Legal Entity Name: MTK PROPERTIES LTD.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
572693 ALBERTA LTD.	1994/03/28

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 1993/07/08 YYYY/MM/DD
Date of Last Status Change: 2018/09/05 YYYY/MM/DD

Registered Office:

Street: 900, 332 6TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0B2

Records Address:

Street: 900, 332 6TH AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0B2

Email Address: CORPORATESERVICES@CARSCALLEN.COM

Directors:

Last Name: POUND

First Name: THERESA
Middle Name: M.
Street/Box Number: 892 SHAWNEE DRIVE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2Y 1X3

Last Name: POUND
First Name: DARIN
Street/Box Number: 1351 KINGS HEIGHTS ROAD SE
City: AIRDRIE
Province: ALBERTA
Postal Code: T4A 0E4

Last Name: POUND
First Name: ROBERT
Street/Box Number: 121 KINGSLAND COURT SE
City: AIRDRIE
Province: ALBERTA
Postal Code: T4A 0E5

Voting Shareholders:

Legal Entity Name: 347885 ALBERTA LTD
Corporate Access Number: 203478854
Street: 67 GLENBROOK PLACE SW
City: CALGARY
Province: ALBERTA
Postal Code: T3E 6W4
Percent Of Voting Shares: 100

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2019	2019/10/17

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2016/05/13	Change Director / Shareholder
2017/11/13	Change Address
2018/09/02	Status Changed to Start for Failure to File Annual Returns
2019/10/17	Enter Annual Returns for Alberta and Extra-Provincial Corp.

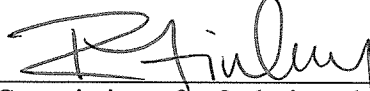
Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Statutory Declaration Notice Error	10000604100126710	2011/07/21
Letter - Spelling Error	10000707104894747	2016/05/13

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



**THIS IS EXHIBIT "3" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**

A handwritten signature in black ink, appearing to read 'R. Finley', written over a horizontal line.

A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley

A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor



Royal Bank of Canada
Commercial Financial Services
1333 32nd Ave NE
Calgary AB T2E 7Z5
Tel.: 403-292-8985
Fax.: 403-292-8962

November 8, 2011

Private and Confidential

MCARTHUR FURNITURE (ALBERTA) LTD.
67 Glenbrook Place SW
Calgary, Alberta
T3E 6W4

ROYAL BANK OF CANADA (the "Bank") hereby offers the credit facilities described below (the "Credit Facilities") subject to the terms and conditions set forth below and in the attached Terms & Conditions and Schedules (collectively the "Agreement"). Unless otherwise provided, all dollar amounts are in Canadian currency.

The Bank reserves all of its rights and remedies at any time and from time to time in connection with any or all breaches, defaults or events of default now existing or hereafter arising under this Agreement or any other agreement delivered to the Bank, and whether known or unknown, and this Agreement shall not be construed as a waiver of any such breach, default or event of default.

BORROWER: McArthur Furniture (Alberta) Ltd. (the "Borrower")

CREDIT FACILITIES

Facility #1: \$1,000,000 revolving demand facility by way of:

a) RBP based loans ("RBP Loans")

Revolve in increments of:	\$5,000	Minimum retained balance:	\$5,000
Revolved by:	Bank	Interest rate (per annum):	RBP + 1.4%

b) RBUSBR based loans in US currency ("RBUSBR Loans")

Revolve in increments of:	\$5,000	Minimum retained balance:	\$5,000
Revolved by:	Bank	Interest rate (per annum):	RBUSBR + 1.4%

AVAILABILITY

The Borrower may borrow, convert, repay and reborrow up to the amount of this facility provided this facility is made available at the sole discretion of the Bank and the Bank may cancel or restrict the availability of any unutilized portion at any time and from time to time without notice.

The aggregate Borrowings outstanding by way of RBUSBR Loans must not exceed \$500,000 at any time.

Borrowings outstanding under this facility must not exceed at any time the aggregate of the following, less Potential Prior-Ranking Claims (the "Borrowing Limit"):

* Registered Trademark of Royal Bank of Canada

SRF #871 700 373

- a) 75% of Good Accounts Receivable;
- b) 50% of the lesser of cost or net realizable value of Unencumbered Inventory.

REPAYMENT

Notwithstanding compliance with the covenants and all other terms and conditions of this Agreement, Borrowings under this facility are repayable on demand.

GENERAL ACCOUNT

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

- a) if such position is a debit balance the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, make available a Borrowing by way of RBP Loans, or RBUSBR Loans as applicable, under this facility;
- b) if such position is a credit balance, where the facility is indicated to be Bank revolved, the Bank may, subject to the revolving increment amount and minimum retained balance specified in this Agreement, apply the amount of such credit balance or any part as a repayment of any Borrowings outstanding by way of RBP Loans, or RBUSBR Loans as applicable, under this facility.

OTHER FACILITIES

The Credit Facilities are in addition to the following facilities (the "Other Facilities"). The Other Facilities will be governed by this Agreement and separate agreements between the Borrower and the Bank. In the event of a conflict between this Agreement and any such separate agreement, the terms of the separate agreement will govern.

- a) VISA Business to a maximum amount of \$150,000.

FEES**Monthly Fee:**

Payable in arrears on the same day of each month.

Management Fee (margin): \$250

Other Fee:

Annual Renewal Fee: \$500

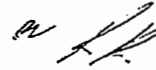
Amendment Fee: \$100 minimum per amendment.

SECURITY

Security for the Borrowings and all other obligations of the Borrower to the Bank (collectively, the "Security"), shall include:

- a) General security agreement – floating charge on land on the Bank's form 923 signed by the Borrower constituting a first floating charge on all present and after-acquired real property of the Borrower and a first ranking security interest in all personal property of the Borrower;
- b) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$125,000 signed by Ted Pound;
- c) Guarantee and postponement of claim on the Bank's form 812 in the amount of \$125,000 signed by Theresa Pound;
- d) Postponement and assignment of claim on the Bank's form 918 signed by MTK Properties Ltd.; and
- e) Letter of independent legal advice signed by Theresa Pound.

2 a

A handwritten signature in dark ink, appearing to be 'a' followed by a stylized flourish.

f) In the event there is any conflict or inconsistency between the terms of this Agreement (including any replacement, renewal, restatement or amendment hereof) and the terms of the Security to be granted by the Borrower to the Bank, the terms of this Agreement shall be paramount and prevail to the extent necessary to remove such conflict or inconsistency.

REPORTING REQUIREMENTS

The Borrower will provide the following to the Bank:

- a) quarterly Borrowing Limit Certificate, substantially in the form of Schedule "G" signed on behalf of the Borrower by any one of the Chief Executive Officer, the President, the Vice-President Finance, the Treasurer, the Comptroller, the Chief Accountant or any other employee of the Borrower holding equivalent office, within 45 days of each fiscal quarter end;
- b) annual review engagement financial statements for the Borrower and MTK Properties Ltd., within 90 days of each fiscal year end;
- c) annual notice to reader consolidated financial statements for the Borrower, within 90 days of each fiscal year end;
- d) annual personal statement of affairs for all Guarantors, who are individuals, within 90 days of the end of every fiscal year of the Borrower; and
- e) such other financial and operating statements and reports as and when the Bank may reasonably require.

CONDITIONS PRECEDENT

In no event will the Credit Facilities or any part thereof be available unless the Bank has received:

- a) a duly executed copy of this Agreement;
- b) the Security provided for herein, registered, as required, to the satisfaction of the Bank;
- c) proceeds from the sale of the Okotoks property, after discharging the first fixed charge, in a minimum amount of \$700,000 to be injected as equity into the Borrower; such financial and other information or documents relating to the Borrower or any Guarantor if applicable as the Bank may reasonably require; and
- d) such other authorizations, approvals, opinions and documentation as the Bank may reasonably require.

Additionally:

- e) all documentation to be received by the Bank shall be in form and substance satisfactory to the Bank.

GOVERNING LAW JURISDICTION

Province of Alberta.

ACCEPTANCE

This Agreement is open for acceptance until January 31, 2012 after which date it will be null and void, unless extended in writing by the Bank.

ROYAL BANK OF CANADA

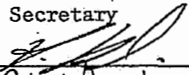
Per: 
Name: Greg Sloan
Title: Senior Account Manager

/s/

We acknowledge and accept the terms and conditions of this Agreement
on this 11 day of January, 2012.

MCARTHUR FURNITURE (ALBERTA) LTD.

Per: 
Name: Edwin Pound
Title: Secretary

Per: 
Name: Robert Pound
Title:

I/We have the authority to bind the Borrower

Attachments:

Terms and Conditions

Schedules:

- Definitions
- Calculation and Payment of Interest and Fees
- Borrowing Limit Certificate
- RBC Covaranty Dashboard Terms and Conditions

TERMS AND CONDITIONS

The Bank is requested by the Borrower to make the Credit Facilities available to the Borrower in the manner and at the rates and times specified in this Agreement. Terms defined elsewhere in this Agreement and not otherwise defined in the Terms and Conditions below or the Schedules attached hereto have the meaning given to such terms as so defined. In consideration of the Bank making the Credit Facilities available, the Borrower agrees, and if the Borrower is comprised of more than one Person, such Persons jointly and severally agree, or in Quebec solidarily agree, with the Bank as follows:

REPAYMENT

Amounts outstanding under the Credit Facilities, together with interest, shall become due in the manner and at the rates and times specified in this Agreement and shall be paid in the currency of the Borrowing. Unless the Bank otherwise agrees, any payment hereunder must be made in money which is legal tender at the time of payment. In the case of a demand facility of any kind, the Borrower shall repay all principal sums outstanding under such facility upon demand. Where any Borrowings are repayable by scheduled blended payments, such payments shall be applied, firstly, to interest due, and the balance, if any, shall be applied to principal outstanding. If any such payment is insufficient to pay all interest then due, the unpaid balance of such interest will be added to such Borrowing, will bear interest at the same rate, and will be payable on demand or on the date specified herein, as the case may be. Borrowings repayable by way of scheduled payments of principal and interest shall be so repaid with any balance of such Borrowings being due and payable as and when specified in this Agreement. The Borrower shall ensure that the maturities of instruments or contracts selected by the Borrower when making Borrowings will be such so as to enable the Borrower to meet its repayment obligations. For any Borrowings that are repayable by scheduled payments, if the scheduled payment date is changed then the Maturity Date of the applicable Borrowings shall automatically be amended accordingly.

In the case of any reducing term loan and/or reducing term facility ("Reducing Term Loan/Facility"), provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Borrower, the Borrower and the Bank agree that, at the Bank's option, the Bank may provide a letter ("Renewal Letter") to the Borrower setting out the terms upon which the Bank is prepared to extend the Reducing Term Loan/Facility. In the event that the Bank provides a Renewal Letter to the Borrower and the Reducing Term Loan/Facility is not repaid on or before the Maturity Date of the applicable Reducing Term Loan/Facility, then at the Bank's option the Reducing Term Loan/Facility shall be automatically renewed on the terms set out in the Renewal Letter and the terms of this Agreement shall be amended accordingly.

PREPAYMENT

Where Borrowings are by way of RBP Loans or RBUSBR Loans, the Borrower may prepay such Borrowings in whole or in part without fee or premium.

EVIDENCE OF INDEBTEDNESS

The Bank shall maintain accounts and records (the "Accounts") evidencing the Borrowings made available to the Borrower by the Bank under this Agreement. The Bank shall record the principal amount of such Borrowings, the payment of principal and interest on account of the Borrowings, and all other amounts becoming due to the Bank under this Agreement. The Accounts constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement. The Borrower authorizes and directs the Bank to automatically debit, by mechanical, electronic or manual means, any bank account of the Borrower for all amounts payable under this Agreement, including, but not limited to, the repayment of principal and the payment of interest, fees and all charges for the keeping of such bank accounts.

GENERAL COVENANTS

Without affecting or limiting the right of the Bank to terminate or demand payment of, or cancel or restrict availability of any unutilized portion of, any demand or other discretionary facility, the Borrower covenants and agrees with the Bank that the Borrower:

- a) will pay all sums of money when due under the terms of this Agreement;

- b) will immediately advise the Bank of any event which constitutes or which, with notice, lapse of time or both, would constitute a breach of any covenant or other term or condition of this Agreement or any Security;
- c) will file all material tax returns which are or will be required to be filed by it, pay or make provision for payment of all material taxes (including interest and penalties) and Potential Prior-Ranking Claims, which are or will become due and payable and provide adequate reserves for the payment of any tax, the payment of which is being contested;
- d) will give the Bank 30 days prior notice in writing of any intended change in its ownership structure and it will not make or facilitate any such changes without the prior written consent of the Bank;
- e) will comply with all Applicable Laws, including, without limitation, all Environmental Laws;
- f) will immediately advise the Bank of any action requests or violation notices received concerning the Borrower and hold the Bank harmless from and against any losses, costs or expenses which the Bank may suffer or incur for any environment related liabilities existent now or in the future with respect to the Borrower;
- g) will deliver to the Bank such financial and other information as the Bank may reasonably request from time to time, including, but not limited to, the reports and other information set out under Reporting Requirements;
- h) will immediately advise the Bank of any unfavourable change in its financial position which may adversely affect its ability to pay or perform its obligations in accordance with the terms of this Agreement;
- i) will keep its assets fully insured against such perils and in such manner as would be customarily insured by Persons carrying on a similar business or owning similar assets and, in addition, for any buildings located in areas prone to flood and/or earthquake, will insure and keep fully insured such buildings against such perils;
- j) except for Permitted Encumbrances, will not, without the prior written consent of the Bank, grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of its properties, assets or other rights;
- k) will not, without the prior written consent of the Bank, sell, transfer, convey, lease or otherwise dispose of any of its properties or assets other than in the ordinary course of business and on commercially reasonable terms;
- l) will not, without the prior written consent of the Bank, guarantee or otherwise provide for, on a direct, indirect or contingent basis, the payment of any monies or performance of any obligations by any other Person, except as may be provided for herein;
- m) will not, without the prior written consent of the Bank, merge, amalgamate, or otherwise enter into any other form of business combination with any other Person;
- n) will permit the Bank or its representatives, from time to time, i) to visit and inspect the Borrower's premises, properties and assets and examine and obtain copies of the Borrower's records or other information, ii) to collect information from any entity regarding any Potential Prior-Ranking Claims and iii) to discuss the Borrower's affairs with the auditors, counsel and other professional advisers of the Borrower. The Borrower hereby authorizes and directs any such third party to provide to the Bank or its representatives all such information, records or documentation requested by the Bank; and
- o) will not use the proceeds of any Credit Facility for the benefit or on behalf of any Person other than the Borrower.

EXPENSES, ETC.

The Borrower agrees to pay the Bank all fees, as stipulated in this Agreement. The Borrower also agrees to pay all fees (including legal fees), costs and expenses incurred by the Bank in connection with preparation, negotiation and documentation of this Agreement and any Security and the operation, enforcement or termination of this Agreement and the Security. The Borrower shall indemnify and hold the Bank harmless against any loss, cost or expense incurred by the Bank if any facility under the Credit Facilities is repaid or prepaid other than on its Maturity Date. The determination by the Bank of such loss, cost or expense shall be conclusive and binding for all purposes and shall include, without limitation, any loss incurred by the Bank in liquidating or redeploying deposits acquired to make or maintain any facility.

GENERAL INDEMNITY

The Borrower hereby agrees to indemnify and hold the Bank and its directors, officers, employees and agents harmless from and against any and all claims, suits, actions, demands, debts, damages, costs, losses, obligations, judgements, charges, expenses and liabilities of any nature which are suffered, incurred or sustained by, imposed on or asserted against any such Person as a result of, in connection with or arising out of i) any breach of any term or condition of this Agreement or any Security or any other agreement delivered to the Bank by the Borrower or any Guarantor if applicable, ii) the Bank acting upon instructions given or agreements made by electronic transmission of any type, iii) the presence of Contaminants at, on or under or the discharge or likely discharge of Contaminants from, any properties now or previously used by the Borrower or any Guarantor and iv) the breach of or non compliance with any Applicable Law by the Borrower or any Guarantor.

AMENDMENTS AND WAIVERS

No amendment or waiver of any provision of this Agreement will be effective unless it is in writing, signed by the Borrower and the Bank. No failure or delay, on the part of the Bank, in exercising any right or power hereunder or under any Security or any other agreement delivered to the Bank shall operate as a waiver thereof. Any amendments requested by the Borrower will require review and agreement by the Bank and its counsel. Costs related to this review will be for the Borrower's account.

SUCCESSORS AND ASSIGNS

This Agreement shall extend to and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The Borrower shall not be entitled to assign or transfer any rights or obligations hereunder, without the consent in writing of the Bank. The Bank may assign or transfer all or any part of its rights and obligations under this Agreement to any Person. The Bank may disclose to potential or actual assignees or transferees confidential information regarding the Borrower and any Guarantor if applicable, (including, any such information provided by the Borrower, and any Guarantor if applicable, to the Bank) and shall not be liable for any such disclosure.

GAAP

Unless otherwise provided, all accounting terms used in this Agreement shall be interpreted in accordance with Canadian Generally Accepted Accounting Principles, as appropriate, for publicly accountable enterprises, private enterprises, not-for-profit organizations, pension plans and in accordance, as appropriate, with Public Sector Accounting Standards for government organizations in effect from time to time, applied on a consistent basis from period to period. All financial statements and/or reports shall be prepared using one of the above bases of presentation, as appropriate. Except for the transition of accounting standards in Canada, any change in accounting principles or the application of accounting principles is only permitted with the prior written consent of the Bank.

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement and such invalid provision shall be deemed to be severable.

GOVERNING LAW

This Agreement shall be construed in accordance with and governed by the laws of the Province identified in the Governing Law Jurisdiction section of this Agreement and the laws of Canada applicable therein. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of such Province and acknowledges the competence of such courts and irrevocably agrees to be bound by a judgment of any such court.

DEFAULT BY LAPSE OF TIME

The mere lapse of time fixed for performing an obligation shall have the effect of putting the Borrower, or a Guarantor if applicable, in default thereof.

SET-OFF

The Bank is authorized (but not obligated), at any time and without notice, to apply any credit balance (whether or not then due) in any account in the name of the Borrower, or to which the Borrower is beneficially entitled (in any currency) at any branch or agency of the Bank in or towards satisfaction of the indebtedness of the Borrower due to the Bank under the Credit Facilities and the other obligations of the Borrower under this Agreement. For that purpose, the Bank is irrevocably authorized to use all or any part of any such credit balance to buy such other currencies as may be necessary to effect such application.

NOTICES

Any notice or demand to be given by the Bank shall be given in writing by way of a letter addressed to the Borrower. If the letter is sent by telecopier, it shall be deemed received on the date of transmission, provided such transmission is sent prior to 5:00 p.m. on a day on which the Borrower's business is open for normal business, and otherwise on the next such day. If the letter is sent by ordinary mail to the address of the Borrower, it shall be deemed received on the date falling five (5) days following the date of the letter, unless the letter is hand-delivered to the Borrower, in which case the letter shall be deemed to be received on the date of delivery. The Borrower must advise the Bank at once about any changes in the Borrower's address.

CONSENT OF DISCLOSURE

The Borrower hereby grants permission to any Person having information in such Person's possession relating to any Potential Prior-Ranking Claim, to release such information to the Bank (upon its written request), solely for the purpose of assisting the Bank to evaluate the financial condition of the Borrower.

NON-MERGER

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

JOINT AND SEVERAL

Where more than one Person is liable as Borrower or Guarantor if applicable for any obligation under this Agreement, then the liability of each such Person for such obligation is joint and several (in Quebec, solidarily) with each other such Person.

COUNTERPART EXECUTION

This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together constitute one and the same instrument.

ELECTRONIC MAIL AND FAX TRANSMISSION

The Bank is entitled to rely on any agreement, document or instrument provided to the Bank by the Borrower or any Guarantor as applicable, by way of electronic mail or fax transmission as though it were an original document. The Bank is further entitled to assume that any communication from the Borrower received by electronic mail or fax transmission is a reliable communication from the Borrower.

ELECTRONIC IMAGING

The parties hereto agree that, at any time, the Bank may convert paper records of this Agreement and all other documentation delivered to the Bank (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Bank's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

- a) it is duly incorporated, validly existing and duly registered or qualified to carry on business in each jurisdiction in which its business or assets are located;

- b) the execution, delivery and performance by it of this Agreement have been duly authorized by all necessary actions and do not violate its constating documents or any Applicable Laws or agreements to which it is subject or by which it is bound;
- c) no event has occurred which constitutes, or which, with notice, lapse of time, or both, would constitute, a breach of any covenant or other term or condition of this Agreement or any Security or any other agreement delivered to the Bank;
- d) there is no claim, action, prosecution or other proceeding of any kind pending or threatened against it or any of its assets or properties before any court or administrative agency which relates to any non-compliance with any Environmental Laws which, if adversely determined, might have a material adverse effect upon its financial condition or operations or its ability to perform its obligations under this Agreement or any Security, and there are no circumstances of which it is aware which might give rise to any such proceeding which it has not fully disclosed to the Bank; and
- e) it has good and marketable title to all of its properties and assets, free and clear of any encumbrances, *excepting only Permitted Encumbrances, and except as otherwise*

Representations and warranties are deemed to be repeated as at the time of each Borrowing hereunder.

LANGUAGE

The parties hereto have expressly requested that this Agreement and all related documents, including notices, be drawn up in the English language. Les parties ont expressément demandé que la présente convention et tous les documents y afférents, y compris les avis, soient rédigés en langue anglaise.

WHOLE AGREEMENT

This Agreement and any documents or instruments referred to in, or delivered pursuant to, or in connection with, this Agreement constitute the whole and entire agreement between the Borrower and the Bank with respect to the Credit Facilities.

EXCHANGE RATE FLUCTUATIONS

If, for any reason, the amount of Borrowings outstanding under any facility, when converted to the Equivalent Amount in Canadian currency, exceeds the amount available under such facility, the Borrower shall immediately repay such excess or shall secure such excess to the satisfaction of the Bank.

JUDGEMENT CURRENCY

If for the purpose of obtaining judgement in any court in any jurisdiction with respect to this Agreement, it is necessary to convert into the currency of such jurisdiction (the "Judgement Currency") any amount due hereunder in any currency other than the Judgement Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgement is given. For this purpose "rate of exchange" means the rate at which the Bank would, on the relevant date, be prepared to sell a similar amount of such currency in the Toronto foreign exchange market, against the Judgement Currency, in accordance with normal banking procedures.

In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which judgement is given and the date of payment of the amount due, the Borrower will, on the date of payment, pay such additional amounts as may be necessary to ensure that the amount paid on such date is the amount in the Judgement Currency which, when converted at the rate of exchange prevailing on the date of payment, is the amount then due under this Agreement in such other currency together with interest at RBP and expenses (including legal fees on a solicitor and client basis). Any additional amount due from the Borrower under this section will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

Schedule "A" to the Agreement dated November 8, 2011 between McArthur Furniture (Alberta) Ltd., as Borrower, and Royal Bank of Canada, as the Bank.

DEFINITIONS

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

"Applicable Laws" means, with respect to any Person, property, transaction or event, all present or future applicable laws, statutes, regulations, rules, orders, codes, treaties, conventions, judgements, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction in any applicable jurisdiction;

"Borrowing" means each use of a Credit Facility and all such usages outstanding at any time are "Borrowings";

"Business Day" means a day, excluding Saturday, Sunday and any other day which shall be a legal holiday or a day on which banking institutions are closed throughout Canada;

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

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

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

"Equivalent Amount" means, with respect to an amount of any currency, the amount of any other currency required to purchase that amount of the first mentioned currency through the Bank in Toronto, in accordance with normal banking procedures;

"Good Accounts Receivable" means trade accounts receivable of the Borrower owing by Persons whose chief operating activities are located in Canada excluding (i) the entire amount of accounts, any portion of which is outstanding more than 90 days after billing date, provided that the under 90 day portion may be included where the over 90 day portion is less than 10% of the amount of accounts, or where the Bank has designated such portion as nevertheless good, (ii) all amounts due from any affiliate, (iii) bad or doubtful accounts, (iv) accounts subject to any security interest or other encumbrance ranking or capable of ranking in priority to the Bank's security, (v) the amount of all holdbacks, contra accounts or rights of set-off on the part of any account debtor, or (vi) any accounts which the Bank has previously advised to be ineligible;

"Guarantor" means any Person who has guaranteed the obligations of the Borrower under this Agreement;

"Maturity Date" means the date on which a facility is due and payable in full;

"Permitted Encumbrances" means, in respect of the Borrower:

- a) liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and security given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business; and
- b) Security granted in favour of the Bank, and all of those items set forth in Schedule C attached hereto and forming part thereof.

[Handwritten signature]

"Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association, a government or any department or agency thereof including Canada Revenue Agency, and any other incorporated or unincorporated entity;

"Potential Prior-Ranking Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under this Agreement;

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

"RBUSBR" and "Royal Bank US Base Rate" each means the annual rate of interest announced by the Bank from time to time as a reference rate then in effect for determining interest rates on commercial loans made in US currency in Canada;

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

"Unencumbered Inventory" means inventory of the Borrower which is not subject to any security interest or other encumbrance or any other right or claim which ranks or is capable of ranking in priority to the Bank's security including, without limitation, rights of unpaid suppliers under the *Bankruptcy and Insolvency Act*, Canada, to repossess inventory within 30 days after delivery;

"US" means United States of America.

Schedule "B" to the Agreement dated November 8, 2011 between McArthur Furniture (Alberta) Ltd., as Borrower, and Royal Bank of Canada, as the Bank.

CALCULATION AND PAYMENT OF INTEREST AND FEES

LIMIT ON INTEREST

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

OVERDUE PAYMENTS

Any amount that is not paid when due hereunder shall, unless interest is otherwise payable in respect thereof in accordance with the terms of this Agreement or the instrument or contract governing same, bear interest until paid at the rate of RBP plus 5% per annum or, in the case of an amount in US currency if applicable, RBUSBR plus 5% per annum. Such interest on overdue amounts shall be computed daily, compounded monthly and shall be payable both before and after any or all of default, maturity date, demand and judgement.

EQUIVALENT YEARLY RATES

The annual rates of interest or fees to which the rates calculated in accordance with this Agreement are equivalent, are the rates so calculated multiplied by the actual number of days in the calendar year in which such calculation is made and divided by 365.

TIME AND PLACE OF PAYMENT

Amounts payable by the Borrower hereunder shall be paid at such place as the Bank may advise from time to time in the applicable currency. Amounts due on a day other than a Business Day shall be deemed to be due on the Business Day next following such day. Interest and fees payable under this Agreement are payable both before and after any or all of default, maturity date, demand and judgement.

RBP LOANS AND RBUSBR LOANS

The Borrower shall pay interest on each RBP Loan and RBUSBR Loan, monthly in arrears, on the 26th day of each month or such other day as may be agreed to between the Borrower and the Bank. Such interest will be calculated monthly and will accrue daily on the basis of the actual number of days elapsed and a year of 365 days and shall be paid in the currency of the applicable Borrowing.

SCHEDULE C
PERSONAL PROPERTY REGISTRY
REGISTRATIONS
MCARTHUR FURNITURE (ALBERTA) LTD.

SECURED PARTY	DEBTOR	REGISTRATION NO.	REGISTRATION DATE
Penske Truck Leasing Canada Inc. Locations De Camions Penske Canada Inc.	McArthur Furniture (Alberta) Ltd.	06112208449	November 22, 2006
Penske Truck Leasing Canada Inc. Locations De Camions Penske Canada Inc.	McArthur Furniture (Alberta) Ltd.	07110602906	November 6, 2007
Honda Canada Finance Inc.	McArthur Fine Furniture Alberta Ltd.	07122826935	December 28, 2007
MCAP Leasing Inc.	McArthur Furniture (Alberta) Ltd.	08090502098	September 5, 2008
Roynat Inc.	McArthur Furniture (Alberta) Ltd.	09012818546	January 28, 2009
Roynat Inc.	McArthur Furniture (Alberta) Ltd.	09101615022	October 16, 2009
G. N. Johnston Equipment Co. Ltd.	McArthur Furniture (Alberta) Ltd.	09102220532	October 22, 2009
MCAP Leasing Inc.	McArthur Furniture (Alberta) Ltd.	09120309319	December 3, 2009
MCAP Leasing Inc.	McArthur Furniture (Alberta) Ltd.	09121602702	December 16, 2009

(00819101-1)

SECURED PARTY	DEBTOR	REGISTRATION NO.	REGISTRATION DATE
National Leasing Group Inc.	McArthur Furniture (Alberta) Ltd. McArthur Fine Furniture MTK Properties Ltd.	10011910853	January 19, 2010
National Leasing Group Inc.	McArthur Furniture (Alberta) Ltd. MTK Properties Ltd.	10021208917	February 12, 2010

(00819101-1)

Schedule "G" to the Agreement dated November 8, 2011 between McArthur Furniture (Alberta) Ltd., as Borrower, and Royal Bank of Canada, as the Bank.

BORROWING LIMIT CERTIFICATE

I, _____, representing the Borrower hereby certify as of fiscal quarter ending _____:

1. I am familiar with and have examined the provisions of the Agreement dated November 8, 2011 and any amendments thereto, between McArthur Furniture (Alberta) Ltd., as Borrower, and Royal Bank of Canada, as the Bank and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower. Terms defined in the Agreement have the same meanings where used in this certificate.

2. The Borrowing Limit is \$ _____, calculated as follows:

Total accounts receivable owing by Persons located in Canada		\$ _____
Less: a) Accounts, any portion of which exceeds 90 days	\$ _____	
b) Accounts due from affiliates	\$ _____	
c) "Under 90 days" accounts where collection is suspect	\$ _____	
d) Accounts subject to prior encumbrances	\$ _____	
e) Holdbacks, contra-accounts or rights of set-off	\$ _____	
f) Other ineligible accounts	\$ _____	
Plus: g) Under 90 day portion of accounts included in a) above, where the over 90 day portion is less than 10% of the amount of accounts, or which the Bank has designated as nevertheless good	\$ _____	
Good Accounts Receivable		A \$ _____
Marginable Good Accounts Receivable at 75% of A		B \$ _____
Total inventory (valued at lesser of cost or net realizable value)		\$ _____
Less: a) Inventory subject to prior encumbrances	\$ _____	
b) Other non qualifying inventory	\$ _____	
Unencumbered Inventory		C \$ _____
Marginable Unencumbered Inventory at 50% of C		D \$ _____
Less: Potential Prior-Ranking Claims while not limited to these include:		
Sales tax, Excise & GST	\$ _____	
Employee source deductions such as E.I., CPP, Income Tax	\$ _____	
Workers Compensation Board	\$ _____	
Wages, Commissions, Vacation Pay	\$ _____	
Unpaid Pension Plan Contributions	\$ _____	
Overdue Rent, Property & Business Tax and potential claims from third parties such as subcontractors	\$ _____	
Other	\$ _____	
Total Potential Prior-Ranking Claims		E \$ _____
Borrowing Limit (B+D-E)		\$ _____
Less: Facility #1 Borrowings		\$ _____
Margin Surplus (Deficit)		\$ _____

3. Annexed hereto are the following reports in respect of the Borrower:

- aged list of accounts receivable,
- aged list of accounts payable,
- status of inventory, and
- listing of Potential Prior-Ranking Claims.

4. The reports and information provided herewith are accurate and complete in all respects and all amounts certified as Potential Prior-Ranking Claims are current amounts owing and not in arrears.

Dated this _____ day of _____, _____.

Per: _____

Name: _____

Title: _____

Schedule "J" to the Agreement dated November 8, 2011 between McArthur Furniture (Alberta) Ltd., as Borrower, and Royal Bank of Canada, as the Bank.

RBC COVARIETY DASHBOARD TERMS AND CONDITIONS

If the Borrower elects to fulfill the reporting requirements relating to the submission of financial information set out in this Agreement by accessing a secure web based portal ("RBC Covarity Dashboard") via the Internet and using RBC Covarity Dashboard to electronically upload the Borrower's financial information and to complete online and electronically submit certificates, reports and/or forms (the "Service"), then the following terms and conditions (the "RBC Covarity Dashboard Terms and Conditions") apply and are deemed to be included in, and form part of, the Agreement.

1. Definitions. For the purpose of the RBC Covarity Dashboard Terms and Conditions:

"Disabling Code" means any clock, timer, counter, computer virus, worm, software lock, drop dead device, Trojan horse routine, trap door, time bomb, or any other unauthorized codes, designs, routines or instructions that may be used to access, modify, replicate, distort, delete, damage or disable any Electronic Channel, including any related hardware or software.

"Designated User" an individual permitted to act on behalf of and bind the Borrower in all respects, and specifically in the submission of Electronically Uploaded Financial Information and/or Electronically Submitted Certificates.

"Electronic Channel" means any telecommunication or electronic transmission method which may be used in connection with the Service, including computer, Internet, telephone, e-mail or facsimile.

"Electronic Communication" means any information, disclosure, request or other communication or agreement sent, received or accepted using an Electronic Channel.

"Electronically Submitted Certificates" means certificates, reports and/or forms completed online and electronically submitted by any Designated User accessing the Service.

"Electronically Uploaded Financial Information" means financial data, reports and/or information of the Borrower electronically uploaded by any Designated User accessing the Service.

"Internet" means a decentralized global communications medium and the world-wide network of computer networks, accessible to the public, that are connected to each other using specific protocols, which provides for file transfer, electronic mail, remote log in, news, database access, and other services.

"Password" means a combination of numbers and/or letters selected by a Designated User that is used to identify the Designated User. The Password is used in conjunction with a User ID to access the Service.

"Security Breach" means any breach in the security of the Service, or any actual or threatened use of the Service, a Security Device, or Electronic Channel in a manner contrary to the Agreement, including, without limitation, the introduction of Disabling Code or a Virus to the Service.

"Security Device" means a combination of a User ID and Password.

"Software" means any computer program or programming (in any code format, including source code), as modified from time to time, and related documentation.

"User ID" means the combination of numbers and/or letters selected by the Borrower used to identify a particular Designated User. The User ID is used in conjunction with a Password to access the Service.

"Virus" means an element which is designed to corrupt data or enable access to or adversely impact upon the performance of computer systems, including any virus, worm, logic bomb and Trojan horse. Terms defined in the Agreement have the same meanings where used in the RBC Covarity Dashboard Terms and Conditions.

2. Access to the Service. The Borrower will appoint one or more Designated User(s) to access the Service on behalf of the Borrower. The Borrower acknowledges and agrees that each Designated User appointed by the Borrower may electronically upload the Borrower's financial information and may view all previously uploaded financial information and all calculations in the RBC Covarity Dashboard.

At the time of registration for the Service, the Borrower will advise the Bank of the name and e-mail address of each Designated User. The Borrower will immediately advise the Bank if a Designated User changes or is no longer valid.

The Bank will provide the Borrower with a User ID and temporary password for each Designated User. Each Designated User will receive the User ID and temporary password delivered to their e-mail address. Each Designated User will change the temporary password to a unique Password which may not be easily guessed or obtained by others. If it is suspected or known that the Password has been compromised in any way, the Password must be changed immediately.

On first access to the Service, each Designated User will be required to read and agree to terms of use which will thereafter be accessible from a link located on each web page of the Service.

3. Security Devices. The Borrower recognizes that possession of a Security Device by any person may result in that person having access to the Service. The Borrower agrees that the use of a Security Device in connection with the Service, including any information sent, received or accepted using the Service, will be deemed to be conclusive proof that such information is accurate and complete, and the submission of which is authorized by, and enforceable against, the Borrower.

The Borrower is responsible for maintaining the security and confidentiality of Security Devices which may be used in connection with the Service. The Borrower is responsible for ensuring that a Security Device will only be provided to and used by a Designated User. The Borrower agrees to be bound by any actions or omissions resulting from the use of any Security Device in connection with the Service.

4. Security. Each party shall at all times have in place appropriate policies and procedures to protect the security and confidentiality of the Service, Electronic Channels and Electronic Communication and to prevent any unauthorized access to and use of the Service and Electronic Channels. The Borrower agrees to comply with any additional procedures, standards or other security requirements that the Bank may require in order to access the Service.

The Borrower will not (i) access or use the Service for an illegal, fraudulent, malicious or defamatory purpose, or (ii) take steps or actions that could or do undermine the security, integrity, effectiveness, goodwill or connectivity of the Service (including illegal, fraudulent, malicious, defamatory or other activities that threaten to harm or cause harm to any other person).

The Borrower agrees not to transmit via the Service any viruses, worms, defects, Trojan horses or any items of a destructive nature. The Borrower shall maintain the security of their computer by using anti-virus scanning, a firewall and installing the latest security patches to provide assurance that no Virus is introduced into the systems or Software while accessing the Service.

5. Unsecure Electronic Channels. The Borrower acknowledges and agrees that if it uses, or if it authorizes and directs the Bank to use, any unencrypted Electronic Channel, including unencrypted e-mail or facsimile, any Electronic Communication sent, received and/or accepted using such Electronic Channel is not secure, reliable, private or confidential. Any such Electronic Communication could be subject to interception, loss or alteration, and may not be received by

the intended recipient in a timely manner or at all. The Borrower assumes full responsibility for the risks associated with such Electronic Communication.

6. Notice of Security Breach. The Borrower shall notify the Bank by notifying the RBC Account Manager in writing immediately of any Security Breach including: (i) any application vulnerability or if a Virus is contained in or affects transmission of information to the Service; or (ii) if the Borrower knows or reasonably ought to know that an unauthorized person may have access to the Service, Security Device or Electronic Channel.

If a Security Breach occurs the Borrower shall: (i) assist the Bank in the management of any consequences arising from it; (ii) take any reasonable steps necessary for it to take to mitigate any harm resulting from it; and (iii) take appropriate steps to prevent its recurrence.

7. Binding Effect. Any Electronic Communication that the Bank receives from or in the name of, or purporting to be from or in the name of, the Borrower or any other person on the Borrower's behalf in connection with the Service, will be considered to be duly authorized by, and enforceable against, the Borrower. The Bank will be authorized to rely and act on any such Electronic Communication, even if the Electronic Communication was not actually from the Borrower or such other person or differs in any way from any previous Electronic Communication sent to the Bank. Any Electronically Uploaded Financial Information will be considered to be financial information submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Uploaded Financial Information accordingly. Any Electronically Submitted Certificates will be considered to be certificates, reports and/or forms completed and submitted to the Bank by an individual permitted to act on behalf of and bind the Borrower in all respects, and the Bank will be authorized to rely and act on any such Electronically Submitted Certificates accordingly.

8. Representations and Warranties. The Borrower represents and warrants to the Bank that each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted: (i) all financial statements, certificates, forms, reports and all information contained therein will be accurate and complete in all respects; (ii) all amounts certified as Potential Prior-Ranking Claims will be current amounts owing and not in arrears; (iii) all representations and warranties contained in the Agreement will be true and correct; and (iv) no event will have occurred which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default or breach of any covenant or other term or condition of the Agreement. The Borrower will be deemed to repeat these representations and warranties each time Electronically Uploaded Financial Information and/or Electronically Submitted Certificates are submitted.

9. Evidence. Electronic records and other information obtained by the Bank in an Electronic Communication will be admissible in any legal, administrative or other proceedings as conclusive evidence of the contents of those communications in the same manner as an original paper document, and the Borrower waives any right to object to the introduction of any such record or other information into evidence on that basis.

10. Limitation of Liability. The Bank is not responsible or liable for any damages arising from: (i) inaccurate, incomplete, false, misleading, or fraudulent information provided to the Bank; (ii) losses incurred as a result of an actual or potential Security Breach; or (iii) losses incurred as a result of application vulnerability or Virus that is contained in or affects any Software or systems used by or on behalf of the Borrower in connection with the Service.

Although every effort is made to provide secure transmission of information, timely communication and confidentiality cannot be guaranteed. In no event shall the Bank be liable for any loss or harm resulting from the use of the Service, or from a breach of confidentiality in respect of use of the Service.

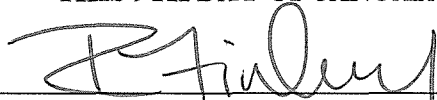
11. Termination. The ability of the Borrower to fulfill the reporting requirements relating to the submission of financial information set out in the Agreement using RBC Covarity Dashboard shall terminate upon revocation of access to the Service. In addition, the Bank may suspend or terminate access to or discontinue the Service immediately for any reason at any time without

Schedule J

prior notice. The Bank will not be responsible for any loss or inconvenience that may result from such suspension or termination. The Borrower, upon giving notice to the Bank by notifying the RBC Account Manager in writing, may terminate use of the Service at any time.

12. Amendment. The Bank may amend these RBC Covarity Dashboard Terms and Conditions upon 30 days notice (which may be given electronically by way of e-mail or in writing) to the Borrower. The Borrower agrees that the continued use of the Service after the effective date of a change will constitute conclusive evidence of consent to all such amendments and the Borrower shall be bound by the amendments.

**THIS IS EXHIBIT "4" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

Carscaddon LLP
Comments November 16/11



Commercial Mortgages
335 8th Avenue SW - 6th Floor
Calgary AB
T2P 1C9
Tel: 403-292-1737
Fax: 403-292-3154

November 8, 2011

MTK Properties Ltd.
67 Glenbrook Place SW
Calgary, AB
T3E 6W4

Attention: Mr. Ted Pound and Ms. Theresa Pound

Dear Sir and Madam:

RE: SEGMENT 1 - 67 GLENBROOK PLACE SW, CALGARY, AB

We are pleased to confirm that Royal Bank of Canada has approved a First mortgage loan (herein the "Loan") upon the terms and conditions set out herein and in the attached Schedule of Standard Mortgage Loan Terms.

MORTGAGOR: MTK Properties Ltd. ("you" or the "Mortgagor").

MORTGAGEE: Royal Bank of Canada ("us" or "we" or the "Mortgagee").

LOAN AMOUNT: \$4,900,000.00

LOAN PURPOSE: The proceeds of the Loan will be used to finance the purchase of the Property, as hereinafter defined.

is this correct?

not a refinance?

INTEREST RATE AND TERM: A fixed rate of interest will be set on the day of advance and will be equal to Royal Bank of Canada's cost of funds, as determined by us in our sole discretion, for the term of the Loan set out below, plus a spread as indicated in the chart below, per annum, calculated semi-annually not in advance, both before and after maturity, default and judgment.

If you want a FIXED-RATE or BLENDED FIXED RATE Loan, please have all Mortgagors and guarantors initial in the "Initial" box of the row that represents the selected Term:

Term (years)	Royal Bank of Canada Cost of Funds	Spread (%)	Indication Interest Rate* (%)	Mortgagor(s) Initials:	Guarantor(s) Initials:
1	1.550%	1.450%	3.000%		
2	1.720%	1.550%	3.270%		
3	1.960%	1.750%	3.710%	R.T.P.	R.P.J.
4	2.210%	1.950%	4.160%		
5	2.420%	2.000%	4.420%		

*Rates are indication rates only and are subject to change daily. As noted above the interest rate will be set on the day of advance.

The Term will commence on the interest adjustment date as hereinafter defined.

AMORTIZATION: 20 years.

REPAYMENT: Interest shall accrue on the amounts advanced from time to time, from the respective dates of such advances, and be paid monthly by you until the interest adjustment date inclusively, which shall be the first day of the month next following the final advance, unless the date of such final advance is the first day of a month, whereupon that date will be the interest adjustment date.

Thereafter, a blended payment of principal and interest, in an amount set at the advance date of the Loan, shall be paid by you on the 1st day of each month during the term of the Loan and the balance shall be due and payable in full on maturity.

PREPAYMENT: The term of the Loan is stipulated in favour of the Mortgagee.

The Loan is a fixed rate Loan, and it may not be prepaid and bears no right of prepayment prior to the maturity date. This provision takes precedence over any prepayment provision contained in the Mortgagee's mortgage documentation. You hereby expressly waive any right of prepayment you now have or hereafter may have pursuant to Section 10 of the *Interest Act* (Canada) and/or any other federal or provincial legislation permitting prepayment prior to the maturity date.

**PAYMENT
AUTHORIZATION:**

You authorize us to automatically debit any account maintained by you with Royal Bank of Canada or its affiliates for principal, interest and all other amounts due in respect of the Loan. Alternatively, you will execute such documents as may be required to permit us to automatically debit your account at another financial institution for all amounts owing under this commitment letter.

SECURITY:

The security for the Loan (the "Security") shall be:

- (a) a First mortgage and charge (the "Mortgage") in the amount of \$4,900,000.00, to rank pari passu with segment 2 (property address of 141 Gateway Drive NE, Airdrie, Alberta), on the freehold property known municipally as 67 Glenbrook Place SW, Calgary, Alberta, and having a building thereon with not less than 30,687 leasable commercial square feet (the "Property"). The mortgage is to include: (a) a cross-default provision with the segment 2 mortgage such that, at our option, a default under one mortgage constitutes a default under the other mortgage; and (b) a provision that, at our option, a payout under one mortgage would not require a payout under the other mortgage;
- (b) a first general assignment of rents and leases from the Property upon terms which will, until default, permit you to continue to receive such rents and revenues;
- (c) a site specific security agreement comprising a first security interest on the personal property now or hereafter situate on, used in connection with or arising from the Property, including, without limitation, accounts receivable;
- (d) a first and specific assignment of the following leases of the Property: McArthur's Furniture (Alberta) Ltd.;
- (e) the several unconditional guarantees of Ted Pound and Theresa Pound, guaranteeing payment of the principal of the Loan, limited to the principal sums of \$187,500.00, and McArthur's Furniture (Alberta) Ltd. guaranteeing payment of the principal of the Loan, limited to the principal sum of \$675,000.00, and all other amounts due hereunder, including, without limitation, interest. The guarantees are to be supported by a certificate of independent legal advice, if recommended by our solicitors.

All documentation shall be in the forms used by us and must in all respects be satisfactory to us and our solicitors in our and their absolute discretion. Our solicitors in this transaction are Burnet Duckworth Palmer LLP, Attention: Annette Lambert, Tel: 403-260-0371, who must act exclusively on our behalf in connection with this matter.

**REPORTS/FINANCIAL
INFORMATION:**

Each year during the term of the Loan, within 30 days of receipt of our written request, you shall provide all information requested by us, including but not limited to the following:

- (a) Review Engagement financial statements of MTK Properties Ltd. and McArthur's Furniture (Alberta) Ltd. for the fiscal year requested, duly signed and dated;
- (b) Current personal net worth statements for Ted Pound and Theresa Pound, duly signed and dated, together with tax returns and Canada Revenue Agency assessment notices;
- (c) Operating statements relating specifically to the Property, for the fiscal year requested including inter alia, realty taxes, repairs and maintenance, utilities, management costs, tenant inducements and leasing commissions;

- (d) A current rent-roll for the Property showing *inter alia*, the area and location leased, annual payment (specifying gross or net), recovered amounts, any revenue escalation entitlement and/or leasing inducements, as well as expiry date and renewal options for each lease;
- (e) Copies of any new commercial leases signed in the past year or amendments to previous leases provided to us;
- (f) A property tax receipt indicating that taxes are paid;
- (g) A copy of the current insurance policy.

In addition, we may require that you and/or the guarantor provide to us any of the above-described financial statements or statements of net worth, as the case may be, updated to any date subsequent to the end of the last complete fiscal year or the effective date of the last statement of net worth, as the case may be.

We may also require that you provide to us an Interim financial statement relating specifically to the operation of the Property, including a current rent roll showing, *inter alia*, base rent, recovered amounts and expenses, updated to any date subsequent to the end of your last complete operating period.

Upon our request, you and/or the guarantor(s) shall provide to us such further reports or statements as may be required from time to time.

Failure to provide any statement when due or within 30 days of a written request will constitute a default under this commitment letter and under the Mortgage.

LEASES:

You represent and warrant to us that the Property is leased in accordance with the non-residential leases set out in Schedule "A" and on the terms and for the rents set out in Schedule "A" to this commitment letter and that no payment by anticipation was, or will be, accepted with respect to these leases and any future leases affecting the Property. You will, at our request, provide executed copies of such leases and all future non-residential leases and all amendments and renewals. You agree that any future non-residential lease with a minimum leasable area in excess of 20% of the rentable area of building(s) on the Property or where the revenue from such lease will be in excess of 20% of the gross income from the Property (a "Major Lease") shall be on terms acceptable to us, acting reasonably. At the time of advance each tenant must be in possession of the whole of its leased premises, be carrying on business thereupon, be paying rent pursuant to the terms of the lease, and you and the tenant shall otherwise have performed all your respective obligations contained in the lease. You agree you shall not, without our prior written consent, terminate any present or future Major Lease, nor amend any of them in a way which, in our opinion, acting reasonably, would adversely affect our rights under the Security. You also agree to advise us if any of the following occur with respect to a Major Lease:

- (i) an event of default by either you or the tenant;
- (ii) bankruptcy or insolvency of the tenant;

- (iii) non-renewal;
- (iv) vacancy of the premises;
- (v) termination of the lease;
- (vi) a subletting of all or part of the premises; or
- (vii) any material adverse change.

TAXES:

All realty taxes and local improvement assessments ("Taxes") pertaining to the Property are to be paid directly by you or your tenants to the municipality when due and you shall provide us with receipted copies of the Tax bills for the Property or other evidence of payment of Taxes satisfactory to us within 30 days after the same has become payable. If at any time you do not pay any Taxes when due or fail to provide us with copies of your receipted Tax bills or other satisfactory evidence of payment, we may pay these Taxes and you shall repay us, on demand, any amount so paid. Any amount paid by us and remaining unpaid by you shall bear interest at the rate set out in this commitment letter. We may, at our option, at any time require that you pay to us in monthly instalments on the dates on which the monthly payments on the Loan are payable hereunder, sums, which in our estimation, will be sufficient to enable us to pay the whole amount of Taxes due, on or before the date for payment thereof or, if such amount of Taxes is payable in instalments, on or before the due date for payment of the first instalment thereof. Any deficiency on your tax escrow account at any time shall be payable to us immediately upon demand.

COSTS AND FEES:

Whether or not the transaction contemplated hereby is completed, you will pay all costs incurred by us in connection with this commitment letter and the Loan and Security including, without limitation, the legal fees and disbursements of our solicitors, and the fees and disbursements of our agents or consultants. Such costs may be deducted from the Loan proceeds advanced. In addition, you agree to pay all costs, charges and expenses incurred by us in connection with the operation or enforcement of this commitment letter, the Loan or the Security, or any amendment, extension, variation, discharge or renewal thereof, including, without limitation, costs of registration of financing statements or financing change statements and searches in connection therewith, periodic property inspections and Tax verifications and other similar costs, and any fees or charges of agents or other third parties retained by us for the purpose of conducting such activities on our behalf. In addition, you agree to pay our administration fees in connection with our administration of the Loan, including the provision of mortgage statements, provision of discharges, processing late payments and cheques or automatic debits which are dishonoured or not accepted by the financial institution, the amount of each such administration fee being a liquidated amount to cover administrative costs of the Mortgage and not a penalty. If you fail to pay any such costs, charges or expenses upon demand, the amount of the cost, charge or expense will be added to the outstanding principal amount of the Loan and shall be secured by the Security.

APPLICATION FEE:

A fee of \$5,000.00 is payable at or before the time of your acceptance of this commitment letter to validate your acceptance hereof. This fee is non-refundable and shall have been earned by us at the time of acceptance as compensation for time, effort and expense incurred in processing, approving and providing this commitment, excluding all costs and fees referred to herein.

CONDITIONS PRECEDENT TO ADVANCE:

Our obligation to advance the Loan is conditional upon receipt by us or our solicitors of the following, all in form and substance satisfactory to us or our solicitors:

- a) a duly executed copy of this commitment letter, together with the \$5,000.00 application fee, on or before the time indicated in the section of this commitment letter entitled "Acceptance";
- b) duly executed copies of the Security and evidence of registration of same, in the manner and with the priorities required by us, in all appropriate governmental offices;
- c) certificate of insurance coverage pursuant to policies as required under the terms hereof, to be delivered to our solicitors within 10 days after execution of the commitment letter;
- d) a Phase I environmental assessment of both properties prepared for us at your expense by an approved environmental consultant, the findings and conclusions of which shall be satisfactory to us in our sole discretion. These reports are to be provided electronically in PDF format, with the duly signed originals to follow;
- e) an original up-to-date survey of the Property prepared for us, at your expense, by a qualified land surveyor, to be delivered to our solicitors. Such survey must show the boundaries of the Property, the location of all rights-of-way and easements, the location of all entrances and exits to and from the Property, the locations and dimensions of all parking areas of the Property and the location of all buildings and other improvements situate on the Property at the date of your acceptance of this commitment letter and the distances of all such buildings and improvements from all lot lines, and the information disclosed by such survey must be acceptable to us in our absolute discretion. If you don't have an original up-to-date survey of the Property as described above, title insurance from First American Title Insurance Company and offered through First Canadian Title Company Limited, or Stewart Title Guaranty Company will be required;
- f) appraisals of both Properties prepared for us at your expense by an approved appraiser indicating the present market value of the Property. The assumptions, findings and conclusions of which appraisals must be satisfactory to us in our sole discretion. These reports are to be provided electronically in PDF format, with the duly signed originals to follow;
- g) evidence of payment of Taxes due and owing in respect of the Property;

- h) evidence of compliance with all applicable laws, by-laws and governmental and municipal regulations, orders or requirements including, without limitation, those dealing with planning, zoning, use, occupancy, environmental matters or fire including, without limitation, all requirements under any applicable fire retrofit provisions, and that there are no outstanding work orders, deficiency notices or like violations outstanding against the Property. If the buildings or improvements situate on the Property were constructed or substantially renovated within 12 months prior to the date of this commitment letter, we require evidence the buildings and improvements on the Property may be lawfully occupied, which evidence shall include an occupancy certificate / permit, if applicable;
- i) Assets of substantive value for Ted and Theresa Pound must be confirmed by Statements of Value from Issuer, and/or Tax Assessments for real estate assets;
- j) directors' resolutions, certificates of officers and opinions of counsel to the Mortgagee and the Mortgagor and any guarantor, confirming corporate capacity and the due authorization, execution, delivery, enforceability and priority of the Security, as may be required by us; and
- k) any other information and documentation as we may reasonably request.

RIGHT OF TERMINATION:

We shall have the right to terminate our agreement to provide the Loan to you and be relieved of all obligations in connection therewith in the event any of the following events occur prior to the time of the advance (or any final advance) of the Loan hereunder:

- a) you fail or are unable or unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this commitment letter within the time indicated for such compliance;
- b) you fail or refuse to execute and deliver any documentation required by this commitment letter or requested by us or our solicitors in connection herewith;
- c) you refuse to accept any funds when advanced;
- d) you or any guarantor or any tenant of the Property with a Major Lease shall become insolvent or bankrupt, or subject to proceedings under the Companies' Creditors Arrangement Act or other similar legislation, or subject to any other bankruptcy, receivership, insolvency, winding-up or other similar proceedings, whether voluntary or involuntary;
- e) there has been in our sole opinion a material adverse change in your financial condition or the condition of the Property or in the actual or anticipated revenues from the Property from the amounts set out in Schedule "A" hereto, or a lease referenced in Schedule "A" has been amended or terminated without our prior written consent, or any event has occurred that could reasonably be expected to result in any of the foregoing;

- f) we are advised of or are made aware that any material containing asbestos or other substances considered harmful by us been used, or will be used in the Property, or there is in, on or about the Property any product or substance (including PCB's), contaminants or hazardous materials, equipment, or any other thing which, in our opinion, constitutes or may constitute an environmental hazard or contravenes any environmental law, regulation, order or directive;
- g) you have not complied with all the provisions of applicable provincial construction / builders / mechanics lien legislation to our or our solicitor's satisfaction or you have not paid any sum or complied with any obligation that may confer right on a third party in respect of the Property or in the actual or anticipated revenues from the Property;
- h) any representation or warranty made by you in this commitment letter is not true and accurate as of the date of advance;
- i) we or our solicitors are not satisfied with any of the matters set out in the section entitled "Title" in the attached Schedule of Standard Mortgage Loan Terms;
- j) the net proceeds of the Loan have not been fully advanced on or before **December 31, 2011**. We require 3 business days prior written notice to advance funds from the date that all Conditions Precedent to Advance have been fulfilled;
- k) if any person, including a federal, provincial or municipal authority, other than you, requires or claims from us the full or partial amount of any sums advanced hereunder.

If, in accordance with the foregoing, we elect to terminate our agreement to provide the Loan to you prior to the advance of the entire Loan amount, the amount advanced on the Loan, if any, together with interest thereon at the rate set out herein shall become immediately due and payable and we shall, whether or not any amount has been advanced on the Loan, and without prejudice to our right to recover from you all costs and fees incurred by us, be entitled to retain the holding deposit as compensation for all damages sustained by us, it being agreed that the amount of such holding deposit is a fair estimate of the damages which will be suffered by us in such event.

MORTGAGE RATE:

For registration purposes only, the mortgage will provide for an interest rate of 18.0% per annum, calculated semi-annually, not in advance, and the payment terms of the Mortgage will be based on that rate.

Notwithstanding the foregoing or any other provisions of this commitment letter or the Security, the actual interest rate and payment terms applicable to the Loan during the term will be determined in accordance with the sections of this letter entitled "Interest Rate and Repayment".

SCHEDULES:

The attached schedules are incorporated into this commitment letter by reference and form a part hereof.

ASSIGNMENT:

You and any guarantors cannot assign any of your rights or obligations under this commitment letter or the Loan to a third party. You agree that we may transfer and assign, without your consent and without notice to you, our rights and obligations under this commitment letter, the Loan, the Security and any related documentation (the "Mortgage Loan and Security") to any affiliate or other third party. We may also syndicate, securitize or grant participation interests in the Mortgage Loan and Security, without your consent or notice to you. You agree that we may disclose confidential information relating to the Mortgage Loan and Security, including any financial information provided by you or any guarantor at any time or otherwise relating to you, or any guarantor, or to the Property and any plans, drawings or other documentation or information regarding the Property, to any associate or third party in connection with any of the transactions contemplated in this section.

TIME:

Time is of the essence hereof.

AMENDMENT:

No amendment or waiver of any provision of this agreement will be effective unless it is in writing and signed by the Mortgagor and the Mortgagee. No failure or delay, on the part of the Mortgagee, in exercising any right or power hereunder shall operate as a waiver thereof. All other parties to this commitment letter hereby agree that the amendment or waiver of any provision of this commitment letter (other than agreements, covenants or representations expressly made by such other party hereunder, if any) may be made without and do not require the consent or agreement of, or notice to, such other parties.

GOVERNING LAW:

The agreement constituted by your acceptance of this commitment letter shall be governed by the laws of the province in which the Property is situated.

SURVIVAL:

The terms and conditions of this commitment letter shall, after acceptance by you, survive the execution and registration of the Security and there shall be no merger of these provisions or conditions in the Mortgage or other Security; provided that in the event of any conflict between the provisions of this commitment letter and the provisions of the Security, we may elect which provisions shall prevail.

E-MAIL AND FAX TRANSMISSION:

The Mortgagee is entitled to rely on any agreement, document, instrument, report or certificate provided to the Mortgagee by the Mortgagor or any Guarantor by way of e-mail or fax transmission as though it were an originally signed agreement, document, instrument, report or certificate. The Mortgagee is further entitled to assume that any communication from the Mortgagor or any Guarantor received by e-mail or fax transmission is a reliable communication from the Mortgagor or Guarantor.

(insert attached rider)

PARAMOUNTCY: In the event there is any conflict or inconsistency between the terms of this Commitment Letter (including any replacement, renewal, restatement or amendment hereof) and the terms of the Security to be granted by the Borrower to the Lender, the terms of this Commitment Letter shall be paramount and prevail to the extent necessary to remove such conflict or inconsistency.

ELECTRONIC IMAGING:

The parties hereto agree that, at any time, the Mortgagee may convert paper records of this commitment letter and all other documentation delivered to the Mortgagee (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Mortgagee's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

ACCEPTANCE:

The terms of this commitment letter are open for acceptance by you and all guarantors by your executing the original of this letter where indicated below and returning the original of this letter, together with the \$5,000.00 application fee, to our office at 335 8th Ave SW - 6th Floor, Calgary, AB, T2P 1C9, **Attention: Deborah Mooers**, on or before 2:00 p.m. on **December 8, 2011**, after which date and time this commitment letter shall lapse and be of no further force or effect, unless it is extended by the Mortgagee in its sole discretion.

**USE OF LOAN PROCEEDS
BY MORTGAGOR**

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not use the proceeds of the Loan for the benefit or on behalf of any Person other than the Mortgagor. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

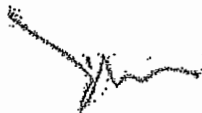
LANGUAGE:

The parties acknowledge that they have requested that the present agreement, as well as all notices and communications contemplated hereby, be drafted in the English language.

Les parties aux présentes reconnaissent qu'elles ont demandé que la présente convention ainsi que tous avis et communications en résultant soient rédigés dans la langue anglaise.

Yours very truly,

Royal Bank of Canada



Debbie Mooers
/ssm

ACCEPTED on November 27, 2011

The undersigned borrowers have read, understand and accept the terms and conditions of this commitment letter and acknowledge receiving a copy of it, including Schedule "A" and the Schedule of Standard Mortgage Loan Terms.

MTK Properties Ltd.

By: Theresa Pound

By: [Signature]

Title: Owner

Title: Owner

I / We have the authority to bind the Corporation

The undersigned guarantors have read, understand and accept the terms and conditions of this commitment letter and acknowledge receiving a copy of it, including Schedule "A" and the Schedule of Standard Mortgage Loan Terms. Each of the guarantors authorizes the Mortgagor to provide, and the Mortgagee to obtain, all information relating to each such guarantor referred to in the "Reports/Financial Information" clause.

Signed on November 27, 2011

WITNESS: [Signature]

[Signature]
Ted Pound

WITNESS: [Signature]

Theresa Pound
Theresa Pound

McArthur's Furniture (Alberta) Ltd.

By: Theresa Pound

By: [Signature]

Title: Owner

Title: Owner

I / We have the authority to bind the Corporation

REALTY TAX INFORMATION

(to be completed by the Mortgagor)

Amount of Realty Taxes for the year ended December 31, 2010 \$ _____ *

Amount of Realty Taxes billed for the 9 months ended September 30, 2011 \$ _____ *

*Please attach a copy of the relevant tax bill(s).

Please complete:

My solicitor in this transaction will be: Firm:
Attention:
Address:
Phone number:
Fax number:
e-mail address:

SCHEDULE "A"
(Non - Residential)
(To be completed by the Mortgagor)

<u>Name of Lessee</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Monthly Base Rent</u>	<u>Proportionate Share of Monthly Operating Costs</u>
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[McArthur's & list]

Is lease to McArthur's only
tenancy?



Carscallon LLP
Comments November 13/11

Commercial Mortgages
335 8th Avenue SW - 6th Floor
Calgary AB
T2P 1C9
Tel: 403-292-1737
Fax: 403-292-3154

November 8, 2011

MTK Properties Ltd.
67 Glenbrook Place SW
Calgary, AB
T3E 6W4

Attention: Mr. Ted Pound and Ms. Theresa Pound

Dear Sir and Madam:

RE: SEGMENT 2 - 141 GATEWAY DRIVE NE, AIRDRIE, AB

We are pleased to confirm that Royal Bank of Canada has approved a **First** mortgage loan (herein the "Loan") upon the terms and conditions set out herein and in the attached Schedule of Standard Mortgage Loan Terms.

MORTGAGOR: MTK Properties Ltd. ("you" or the "Mortgagor").

MORTGAGEE: Royal Bank of Canada ("us" or "we" or the "Mortgagee").

LOAN AMOUNT: \$4,900,000.00

LOAN PURPOSE: The proceeds of the Loan will be used to finance the purchase of the Property, as hereinafter defined.

INTEREST RATE AND TERM:

A fixed rate of interest will be set on the day of advance and will be equal to Royal Bank of Canada's cost of funds, as determined by us in our sole discretion, for the term of the Loan set out below, plus a spread as indicated in the chart below, per annum, calculated semi-annually not in advance, both before and after maturity, default and judgment.

If you want a **FIXED-RATE** or **BLENDED FIXED RATE** Loan, please have all Mortgagors and guarantors initial in the "Initial" box of the row that represents the selected Term:

is this correct?

not a refinance?

Term (years)	Royal Bank of Canada Cost of Funds	Spread (%)	Indication Interest Rate* (%)	Mortgagor(s) Initials:	Guarantor(s) Initials:
1	1.550%	1.450%	3.000%		
2	1.720%	1.550%	3.270%		
3	1.960%	1.750%	3.710%	TR. R	TR. P
4	2.210%	1.950%	4.160%		
5	2.420%	2.000%	4.420%		

*Rates are indication rates only and are subject to change daily. As noted above the interest rate will be set on the day of advance.

The Term will commence on the interest adjustment date as hereinafter defined.

AMORTIZATION:

20 years.

REPAYMENT:

Interest shall accrue on the amounts advanced from time to time, from the respective dates of such advances, and be paid monthly by you until the interest adjustment date inclusively, which shall be the first day of the month next following the final advance, unless the date of such final advance is the first day of a month, whereupon that date will be the interest adjustment date.

Thereafter, a blended payment of principal and interest, in an amount set at the advance date of the Loan, shall be paid by you on the 1st day of each month during the term of the Loan and the balance shall be due and payable in full on maturity.

PREPAYMENT:

The term of the Loan is stipulated in favour of the Mortgagee.

The Loan is a fixed rate Loan, and it may not be prepaid and bears no right of prepayment prior to the maturity date. This provision takes precedence over any prepayment provision contained in the Mortgagee's mortgage documentation. You hereby expressly waive any right of prepayment you now have or hereafter may have pursuant to Section 10 of the *Interest Act* (Canada) and/or any other federal or provincial legislation permitting prepayment prior to the maturity date.

**PAYMENT
AUTHORIZATION:**

You authorize us to automatically debit any account maintained by you with Royal Bank of Canada or its affiliates for principal, interest and all other amounts due in respect of the Loan. Alternatively, you will execute such documents as may be required to permit us to automatically debit your account at another financial institution for all amounts owing under this commitment letter.

SECURITY:

The security for the Loan (the "Security") shall be:

- (a) a First mortgage and charge (the "Mortgage") in the amount of \$4,900,000.00, to rank pari passu with segment 1 (property address of 67 Glenbrook Place SW, Calgary, Alberta), on the freehold property known municipally as 141 Gateway Drive NE, Airdrie, Alberta, and having a building thereon with not less than 36,080 leasable commercial square feet (the "Property"). The mortgage is to include: (a) a cross-default provision with the segment 1 mortgage such that, at our option, a default under one mortgage constitutes a default under the other mortgage; and (b) a provision that, at our option, a payout under one mortgage would not require a payout under the other mortgage;
- (b) a first general assignment of rents and leases from the Property upon terms which will, until default, permit you to continue to receive such rents and revenues;
- (c) a site specific security agreement comprising a first security interest on the personal property now or hereafter situate on, used in connection with or arising from the Property, including, without limitation, accounts receivable;
- (d) a first and specific assignment of the following leases of the Property: McArthur's Furniture (Alberta) Ltd.;
- (e) the several unconditional guarantees of Ted Pound and Theresa Pound, guaranteeing payment of the principal of the Loan, limited to the principal sums of \$187,500.00, and McArthur's Furniture (Alberta) Ltd. guaranteeing payment of the principal of the Loan, limited to the principal sum of \$675,000.00, and all other amounts due hereunder, including, without limitation, interest. The guarantees are to be supported by a certificate of independent legal advice, if recommended by our solicitors.

All documentation shall be in the forms used by us and must in all respects be satisfactory to us and our solicitors in our and their absolute discretion. Our solicitors in this transaction are Burnet Duckworth Palmer LLP, Attention: Annette Lambert, Tel: 403-260-0371, who must act exclusively on our behalf in connection with this matter.

REPORTS/FINANCIAL INFORMATION:

Each year during the term of the Loan, within 30 days of receipt of our written request, you shall provide all information requested by us, including but not limited to the following:

- (a) Review Engagement financial statements of MTK Properties Ltd. and McArthur's Furniture (Alberta) Ltd. for the fiscal year requested, duly signed and dated;
- (b) Current personal net worth statements for Ted Pound and Theresa Pound, duly signed and dated, together with tax returns and Canada Revenue Agency assessment notices;
- (c) Operating statements relating specifically to the Property, for the fiscal year requested including inter alia, realty taxes, repairs and maintenance, utilities, management costs, tenant inducements and leasing commissions;

- (d) A current rent-roll for the Property showing *inter alia*, the area and location leased, annual payment (specifying gross or net), recovered amounts, any revenue escalation entitlement and/or leasing inducements, as well as expiry date and renewal options for each lease;
- (e) Copies of any new commercial leases signed in the past year or amendments to previous leases provided to us;
- (f) A property tax receipt indicating that taxes are paid;
- (g) A copy of the current insurance policy.

In addition, we may require that you and/or the guarantor provide to us any of the above-described financial statements or statements of net worth, as the case may be, updated to any date subsequent to the end of the last complete fiscal year or the effective date of the last statement of net worth, as the case may be.

We may also require that you provide to us an interim financial statement relating specifically to the operation of the Property, including a current rent roll showing, *inter alia*, base rent, recovered amounts and expenses, updated to any date subsequent to the end of your last complete operating period.

Upon our request, you and/or the guarantor(s) shall provide to us such further reports or statements as may be required from time to time.

Failure to provide any statement when due or within 30 days of a written request will constitute a default under this commitment letter and under the Mortgage.

LEASES:

You represent and warrant to us that the Property is leased in accordance with the non-residential leases set out in Schedule "A" and on the terms and for the rents set out in Schedule "A" to this commitment letter and that no payment by anticipation was, or will be, accepted with respect to these leases and any future leases affecting the Property. You will, at our request, provide executed copies of such leases and all future non-residential leases and all amendments and renewals. You agree that any future non-residential lease with a minimum leasable area in excess of 20% of the rentable area of building(s) on the Property or where the revenue from such lease will be in excess of 20% of the gross income from the Property (a "Major Lease") shall be on terms acceptable to us, acting reasonably. At the time of advance each tenant must be in possession of the whole of its leased premises, be carrying on business thereupon, be paying rent pursuant to the terms of the lease, and you and the tenant shall otherwise have performed all your respective obligations contained in the lease. You agree you shall not, without our prior written consent, terminate any present or future Major Lease, nor amend any of them in a way which, in our opinion, acting reasonably, would adversely affect our rights under the Security. You also agree to advise us if any of the following occur with respect to a Major Lease:

- (i) an event of default by either you or the tenant;
- (ii) bankruptcy or insolvency of the tenant;

- (iii) non-renewal;
- (iv) vacancy of the premises;
- (v) termination of the lease;
- (vi) a subletting of all or part of the premises; or
- (vii) any material adverse change.

TAXES:

All realty taxes and local improvement assessments ("Taxes") pertaining to the Property are to be paid directly by you or your tenants to the municipality when due and you shall provide us with receipted copies of the Tax bills for the Property or other evidence of payment of Taxes satisfactory to us within 30 days after the same has become payable. If at any time you do not pay any Taxes when due or fail to provide us with copies of your receipted Tax bills or other satisfactory evidence of payment, we may pay these Taxes and you shall repay us, on demand, any amount so paid. Any amount paid by us and remaining unpaid by you shall bear interest at the rate set out in this commitment letter. We may, at our option, at any time require that you pay to us in monthly instalments on the dates on which the monthly payments on the Loan are payable hereunder, sums, which in our estimation, will be sufficient to enable us to pay the whole amount of Taxes due, on or before the date for payment thereof or, if such amount of Taxes is payable in instalments, on or before the due date for payment of the first instalment thereof. **Any deficiency on your tax escrow account at any time shall be payable to us immediately upon demand.**

COSTS AND FEES:

Whether or not the transaction contemplated hereby is completed, you will pay all costs incurred by us in connection with this commitment letter and the Loan and Security including, without limitation, the legal fees and disbursements of our solicitors, and the fees and disbursements of our agents or consultants. Such costs may be deducted from the Loan proceeds advanced. In addition, you agree to pay all costs, charges and expenses incurred by us in connection with the operation or enforcement of this commitment letter, the Loan or the Security, or any amendment, extension, variation, discharge or renewal thereof, including, without limitation, costs of registration of financing statements or financing change statements and searches in connection therewith, periodic property inspections and Tax verifications and other similar costs, and any fees or charges of agents or other third parties retained by us for the purpose of conducting such activities on our behalf. In addition, you agree to pay our administration fees in connection with our administration of the Loan, including the provision of mortgage statements, provision of discharges, processing late payments and cheques or automatic debits which are dishonoured or not accepted by the financial institution, the amount of each such administration fee being a liquidated amount to cover administrative costs of the Mortgage and not a penalty. If you fail to pay any such costs, charges or expenses upon demand, the amount of the cost, charge or expense will be added to the outstanding principal amount of the Loan and shall be secured by the Security.

APPLICATION FEE:

A fee of \$5,000.00 is payable at or before the time of your acceptance of this commitment letter to validate your acceptance hereof. This fee is non-refundable and shall have been earned by us at the time of acceptance as compensation for time, effort and expense incurred in processing, approving and providing this commitment, excluding all costs and fees referred to herein.

**CONDITIONS PRECEDENT
TO ADVANCE:**

Our obligation to advance the Loan is conditional upon receipt by us or our solicitors of the following, all in form and substance satisfactory to us or our solicitors:

- a) a duly executed copy of this commitment letter, **together with the \$5,000.00 application fee**, on or before the time indicated in the section of this commitment letter entitled "Acceptance";
- b) duly executed copies of the Security and evidence of registration of same, in the manner and with the priorities required by us, in all appropriate governmental offices;
- c) certificate of insurance coverage pursuant to policies as required under the terms hereof, to be delivered to our solicitors within **10** days after execution of the commitment letter;
- d) a Phase I environmental assessment of both properties prepared for us at your expense by an approved environmental consultant, the findings and conclusions of which shall be satisfactory to us in our sole discretion. These reports are to be provided electronically in PDF format, with the duly signed originals to follow;
- e) an original up-to-date survey of the Property prepared for us, at your expense, by a qualified land surveyor, to be delivered to our solicitors. Such survey must show the boundaries of the Property, the location of all rights-of-way and easements, the location of all entrances and exits to and from the Property, the locations and dimensions of all parking areas of the Property and the location of all buildings and other improvements situate on the Property at the date of your acceptance of this commitment letter and the distances of all such buildings and improvements from all lot lines, and the information disclosed by such survey must be acceptable to us in our absolute discretion. If you don't have an original up-to-date survey of the Property as described above, title insurance from First American Title Insurance Company and offered through First Canadian Title Company Limited, or Stewart Title Guaranty Company will be required;
- f) appraisals of both Properties prepared for us at your expense by an approved appraiser indicating the present market value of the Property. The assumptions, findings and conclusions of which appraisals must be satisfactory to us in our sole discretion. These reports are to be provided electronically in PDF format, with the duly signed originals to follow;
- g) evidence of payment of Taxes due and owing in respect of the Property;

- h) evidence of compliance with all applicable laws, by-laws and governmental and municipal regulations, orders or requirements including, without limitation, those dealing with planning, zoning, use, occupancy, environmental matters or fire including, without limitation, all requirements under any applicable fire retrofit provisions, and that there are no outstanding work orders, deficiency notices or like violations outstanding against the Property. If the buildings or improvements situate on the Property were constructed or substantially renovated within 12 months prior to the date of this commitment letter, we require evidence the buildings and improvements on the Property may be lawfully occupied, which evidence shall include an occupancy certificate / permit, if applicable;
- i) Assets of substantive value for Ted and Theresa Pound must be confirmed by Statements of Value from Issuer, and/or Tax Assessments for real estate assets;
- j) directors' resolutions, certificates of officers and opinions of counsel to the Mortgagee and the Mortgagor and any guarantor, confirming corporate capacity and the due authorization, execution, delivery, enforceability and priority of the Security, as may be required by us; and
- k) any other information and documentation as we may reasonably request.

RIGHT OF TERMINATION:

We shall have the right to terminate our agreement to provide the Loan to you and be relieved of all obligations in connection therewith in the event any of the following events occur prior to the time of the advance (or any final advance) of the Loan hereunder:

- a) you fail or are unable or unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this commitment letter within the time indicated for such compliance;
- b) you fail or refuse to execute and deliver any documentation required by this commitment letter or requested by us or our solicitors in connection herewith;
- c) you refuse to accept any funds when advanced;
- d) you or any guarantor or any tenant of the Property with a Major Lease shall become insolvent or bankrupt, or subject to proceedings under the Companies' Creditors Arrangement Act or other similar legislation, or subject to any other bankruptcy, receivership, insolvency, winding-up or other similar proceedings, whether voluntary or involuntary;
- e) there has been in our sole opinion a material adverse change in your financial condition or the condition of the Property or in the actual or anticipated revenues from the Property from the amounts set out in Schedule "A" hereto, or a lease referenced in Schedule "A" has been amended or terminated without our prior written consent, or any event has occurred that could reasonably be expected to result in any of the foregoing;

- f) we are advised of or are made aware that any material containing asbestos or other substances considered harmful by us been used, or will be used in the Property, or there is in, on or about the Property any product or substance (including PCB's), contaminants or hazardous materials, equipment, or any other thing which, in our opinion, constitutes or may constitute an environmental hazard or contravenes any environmental law, regulation, order or directive;
- g) you have not complied with all the provisions of applicable provincial construction / builders / mechanics lien legislation to our or our solicitor's satisfaction or you have not paid any sum or complied with any obligation that may confer right on a third party in respect of the Property or in the actual or anticipated revenues from the Property;
- h) any representation or warranty made by you in this commitment letter is not true and accurate as of the date of advance;
- i) we or our solicitors are not satisfied with any of the matters set out in the section entitled "Title" in the attached Schedule of Standard Mortgage Loan Terms;
- j) the net proceeds of the Loan have not been fully advanced on or before **December 31, 2011**. We require 3 business days prior written notice to advance funds from the date that all Conditions Precedent to Advance have been fulfilled;
- k) if any person, including a federal, provincial or municipal authority, other than you, requires or claims from us the full or partial amount of any sums advanced hereunder.

If, in accordance with the foregoing, we elect to terminate our agreement to provide the Loan to you prior to the advance of the entire Loan amount, the amount advanced on the Loan, if any, together with interest thereon at the rate set out herein shall become immediately due and payable and we shall, whether or not any amount has been advanced on the Loan, and without prejudice to our right to recover from you all costs and fees incurred by us, be entitled to retain the holding deposit as compensation for all damages sustained by us, it being agreed that the amount of such holding deposit is a fair estimate of the damages which will be suffered by us in such event.

MORTGAGE RATE:

For registration purposes only, the mortgage will provide for an interest rate of 18.0% per annum, calculated semi-annually, not in advance, and the payment terms of the Mortgage will be based on that rate.

Notwithstanding the foregoing or any other provisions of this commitment letter or the Security, the actual interest rate and payment terms applicable to the Loan during the term will be determined in accordance with the sections of this letter entitled "Interest Rate and Repayment".

SCHEDULES:

The attached schedules are incorporated into this commitment letter by reference and form a part hereof.

ASSIGNMENT:

You and any guarantors cannot assign any of your rights or obligations under this commitment letter or the Loan to a third party. You agree that we may transfer and assign, without your consent and without notice to you, our rights and obligations under this commitment letter, the Loan, the Security and any related documentation (the "**Mortgage Loan and Security**") to any affiliate or other third party. We may also syndicate, securitize or grant participation interests in the Mortgage Loan and Security, without your consent or notice to you. You agree that we may disclose confidential information relating to the Mortgage Loan and Security, including any financial information provided by you or any guarantor at any time or otherwise relating to you, or any guarantor, or to the Property and any plans, drawings or other documentation or information regarding the Property, to any associate or third party in connection with any of the transactions contemplated in this section.

TIME:

Time is of the essence hereof.

AMENDMENT:

No amendment or waiver of any provision of this agreement will be effective unless it is in writing and signed by the Mortgagor and the Mortgagee. No failure or delay, on the part of the Mortgagee, in exercising any right or power hereunder shall operate as a waiver thereof. All other parties to this commitment letter hereby agree that the amendment or waiver of any provision of this commitment letter (other than agreements, covenants or representations expressly made by such other party hereunder, if any) may be made without and do not require the consent or agreement of, or notice to, such other parties.

GOVERNING LAW:

The agreement constituted by your acceptance of this commitment letter shall be governed by the laws of the province in which the Property is situated.

SURVIVAL:

The terms and conditions of this commitment letter shall, after acceptance by you, survive the execution and registration of the Security and there shall be no merger of these provisions or conditions in the Mortgage or other Security; provided that in the event of any conflict between the provisions of this commitment letter and the provisions of the Security, we may elect which provisions shall prevail.

**E-MAIL AND FAX
TRANSMISSION:**

The Mortgagee is entitled to rely on any agreement, document, instrument, report or certificate provided to the Mortgagee by the Mortgagor or any Guarantor by way of e-mail or fax transmission as though it were an originally signed agreement, document, instrument, report or certificate. The Mortgagee is further entitled to assume that any communication from the Mortgagor or any Guarantor received by e-mail or fax transmission is a reliable communication from the Mortgagor or Guarantor.

(insert attached rider)

PARAMOUNTCY: In the event there is any conflict or inconsistency between the terms of this Commitment Letter (including any replacement, renewal, restatement or amendment hereof) and the terms of the Security to be granted by the Borrower to the Lender, the terms of this Commitment Letter shall be paramount and prevail to the extent necessary to remove such conflict or inconsistency.

ELECTRONIC IMAGING:

The parties hereto agree that, at any time, the Mortgagee may convert paper records of this commitment letter and all other documentation delivered to the Mortgagee (each, a "Paper Record") into electronic images (each, an "Electronic Image") as part of the Mortgagee's normal business practices. The parties agree that each such Electronic Image shall be considered as an authoritative copy of the Paper Record and shall be legally binding on the parties and admissible in any legal, administrative or other proceeding as conclusive evidence of the contents of such document in the same manner as the original Paper Record.

ACCEPTANCE:

The terms of this commitment letter are open for acceptance by you and all guarantors by your executing the original of this letter where indicated below and returning the original of this letter, together with the \$5,000.00 application fee, to our office at 335 8th Ave SW - 6th Floor, Calgary, AB, T2P 1C9, **Attention: Deborah Mooers**, on or before 2:00 p.m. on **December 8, 2011**, after which date and time this commitment letter shall lapse and be of no further force or effect, unless it is extended by the Mortgagee in its sole discretion.

**USE OF LOAN PROCEEDS
BY MORTGAGOR**

The Mortgagor covenants and agrees with the Mortgagee that the Mortgagor will not use the proceeds of the Loan for the benefit or on behalf of any Person other than the Mortgagor. "Person" includes an individual, a partnership, a joint venture, a trust, an unincorporated organization, a company, a corporation, an association and any other incorporated or unincorporated entity.

LANGUAGE:

The parties acknowledge that they have requested that the present agreement, as well as all notices and communications contemplated hereby, be drafted in the English language.

Les parties aux présentes reconnaissent qu'elles ont demandé que la présente convention ainsi que tous avis et communications en résultant soient rédigés dans la langue anglaise.

Yours very truly,

Royal Bank of Canada



Debbie Mooers
/ssm

ACCEPTED on Nov 27, 2011

The undersigned borrowers have read, understand and accept the terms and conditions of this commitment letter and acknowledge receiving a copy of it, including Schedule "A" and the Schedule of Standard Mortgage Loan Terms.

MTK Properties Ltd.

By: Theresa Pound.

By: 

Title: Owner

Title: Owner

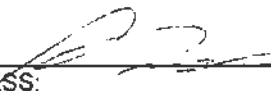
I / We have the authority to bind the Corporation

The undersigned guarantors have read, understand and accept the terms and conditions of this commitment letter and acknowledge receiving a copy of it, including Schedule "A" and the Schedule of Standard Mortgage Loan Terms. Each of the guarantors authorizes the Mortgagor to provide, and the Mortgagee to obtain, all information relating to each such guarantor referred to in the "Reports/Financial Information" clause.

Signed on November 27, 2011

WITNESS: 

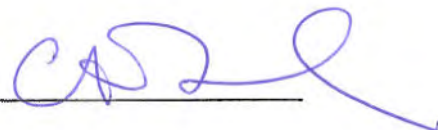

Ted Pound

WITNESS: 

Theresa Pound.
Theresa Pound

McArthur's Furniture (Alberta) Ltd.

By: Theresa Pound.

By: 

Title: Owner

Title: Owner

I / We have the authority to bind the Corporation

REALTY TAX INFORMATION

(to be completed by the Mortgagor)

Amount of Realty Taxes for the year ended December 31, 2010 \$ _____ *

Amount of Realty Taxes billed for the 9 months ended September 30, 2011 \$ _____ *

*Please attach a copy of the relevant tax bill(s).

Please complete:

My solicitor in this transaction will be: Firm:
Attention:
Address:
Phone number:
Fax number:
e-mail address:

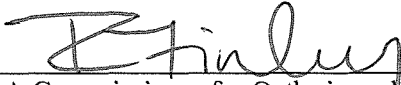
SCHEDULE "A"
(Non -Residential)
(To be completed by the Mortgagor)

<u>Name of Lessee</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Monthly Base Rent</u>	<u>Proportionate Share of Monthly Operating Costs</u>
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[Mc Arthur's to list]

Is lease to Mc Arthur's only
tenancy?

**THIS IS EXHIBIT "5" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

GENERAL SECURITY AGREEMENT - FLOATING CHARGE ON LAND

1. SECURITY INTEREST

(a) For value received, the undersigned ("Debtor") hereby grants to **ROYAL BANK OF CANADA ("RBC")** a security interest, mortgage and charge (hereinafter collectively referred to as the "Security Interest") as hereinafter provided:

- (i) a security interest in the undertaking of Debtor and all of Debtor's present and after acquired personal property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:
 - (A) all Inventory of whatever kind and wherever situate;
 - (B) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
 - (C) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured and whether arising in connection with an interest in real or personal property or otherwise, including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
 - (D) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (E) all contractual rights and insurance claims;
 - (F) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
 - (G) all lists, records and files relating to debtors, customers, clients and patients;

(ii) a mortgage and charge as and by way of a floating charge, in all of Debtor's present and after acquired interest in property, assets and undertaking not secured in (i) above, including all real, immoveable and leaseholds property and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected therewith or appurtenant thereto or separately owned or held, including without limitation, all structures, plant and other fixtures now owned or hereafter owned or acquired by or on behalf of Debtor (hereinafter collectively referred to as "Real Property"); and

(iii) a security interest in all property described in Schedule "C" or any replacement or additional Schedule "C" now or hereafter annexed hereto; and a security interest in all proceeds and renewals thereof, accretions thereto and substitution therefor, all of the foregoing being hereinafter collectively referred to as the "Collateral".

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "equipment", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in the Personal Property Security Act of the province where the herein mentioned branch of RBC is located, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such during the term of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Alberta). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligation, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of Debtor, Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, lien claims, charges, licences, leases, infringements by third parties, encumbrances or other adverse claim or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;

(b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;

(c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;

(d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Real Property and Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all buildings, fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations;

(e) Debtor has disclosed to RBC all environmental and other matters which could have a material effect on the financial condition or operations of Debtor; and

(f) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licences which are compulsory under federal or provincial legislation and those shown in Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption; and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify RBC promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral;
- (ii) the details of any significant acquisition of Collateral;
- (iii) the details of any claims or litigation affecting Debtor or Collateral;
- (iv) any loss or damage to Collateral;
- (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral; and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, caveats, mortgages, notices, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as RBC shall reasonably direct with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in accordance with all applicable laws, in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest; and

(i) to deliver to RBC from time to time promptly upon request:

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- (i) any Documents of Title, Instruments, Securities, Chattel Paper and duplicate certificates of title to Real Property constituting, representing or relating to Collateral;
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same;
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business;
- (iv) all policies and certificates of insurance relating to Collateral; and
- (v) such information concerning Collateral, Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify compliance by Debtor with Debtor's obligations under this Security Agreement (including through inquiries with governmental agencies) and the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to

make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

(a) Whether or not default has occurred, Debtor authorizes RBC:

- (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly; and
- (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of Collateral.

(b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A. or other applicable law, all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

(a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;

(b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;

(c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an authorized assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;

(d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;

(e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;

(f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a sale of a substantial portion of Debtor's assets or commits or threatens to commit an act of bankruptcy;

(g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if a distress or analogous process is levied upon the assets of Debtor or any part thereof; and

(h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

11A. REAL PROPERTY

(a) For the purposes of any application to register a crystallized floating charge under the Land Title Act (British Columbia) against any Real Property, the floating charge created by this Security Agreement shall be crystallized and become a fixed charge upon the earliest of:

(i) any one of the events described in Clause 11 hereof;

(ii) a declaration by RBC pursuant to Clause 12 hereof; or

(iii) RBC taking any action pursuant to Clause 13 hereof to appoint a receiver or to enforce its Security Interest or realize upon all or any part of the Collateral.

(b) In accordance with the Property Law Act (British Columbia), the doctrine of consolidation applies to this Security Agreement.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in its stead. Any such Receiver shall, so far as concerns responsibility for its acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, its servants, agents or employees. Subject to the provisions of the instrument appointing it, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor constituting Collateral or wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out its appointment shall be received in trust for and paid over to RBC. Every such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

(b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

(c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, lease, license or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

(d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper or prior

encumbrances on any Real Property whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

(e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(f) Debtor agrees to be liable for and to pay all costs, charges and expenses incurred by RBC or any Receiver or agent appointed by it, whether directly or for services rendered (including solicitors costs on a solicitor and his own client basis and auditors costs and other legal expenses and Receiver and agent remuneration), in operating Debtor's accounts, preparing or enforcing this Security Agreement, inspecting and determining the state of the Collateral, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A. or other applicable law.

(h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomsoever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes RBC to file such financing statements, financing change statements, caveats, mortgages, forms, security notices and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off

against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13 (g) hereof, notice of any other action taken by RBC.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several and, unless the context otherwise requires, a reference to "Debtor" herein shall be deemed to be a reference to each of the undersigned.

(h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to anyone acquiring or who may acquire an interest in the Security Interest or the Collateral from RBC or anyone acting on behalf of RBC.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security

Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13 (g) and 14 (k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company; and

(ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act of the Province of Saskatchewan, or any provisions thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

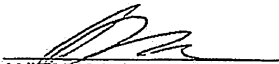
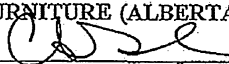
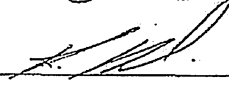
(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the province where the herein mentioned branch of RBC is located including, where applicable, the P.P.S.A. and the Land Title Act.

15. COPY OF AGREEMENT AND FINANCING STATEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of a financing statement or financing change statement registered by RBC or any verification statement pertaining to a registration by RBC.

IN WITNESS WHEREOF Debtor has executed this Security Agreement on the date specified below.

		EXECUTION DATE	MCARTHUR FURNITURE (ALBERTA) LTD.							
 WITNESS / OFFICER SIGNATURE* (as to all signatures)		<table border="1"> <tr> <td>Y</td> <td>M</td> <td>D</td> </tr> <tr> <td>12</td> <td>01</td> <td>11</td> </tr> </table>	Y	M	D	12	01	11	 	Seal Seal
Y	M	D								
12	01	11								
Name:										
* Address										
* Address										
* Professional Capacity										
		**Carrying on Business as: _____ _____ (Principal Address) _____ (City, Town, etc. & Province)								

BRANCH ADDRESS

CALGARY NORTH COMML
 1333 32ND AVE NE
 CALGARY AB T2E 7Z5

* Officer certification required in B.C. only

*** OFFICER CERTIFICATION**

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the Evidence Act, R.S.B.C. 1996. c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

SCHEDULE A
(ENCUMBRANCES AFFECTING COLLATERAL)
PERSONAL PROPERTY REGISTRY REGISTRATIONS
MCARTHUR FURNITURE (ALBERTA) LTD.

SECURED PARTY	DEBTOR	REGISTRATION NO.	REGISTRATION DATE
Penske Truck Leasing Canada Inc. Locations De Camions Penske Canada Inc.	McArthur Furniture (Alberta) Ltd.	06112208449	November 22, 2006
Penske Truck Leasing Canada Inc. Locations De Camions Penske Canada Inc.	McArthur Furniture (Alberta) Ltd.	07110602906	November 6, 2007
Honda Canada Finance Inc.	McArthur Fine Furniture Alberta Ltd.	07122826935	December 28, 2007
MCAP Leasing Inc.	McArthur Furniture (Alberta) Ltd.	08090502098	September 5, 2008
Roynat Inc.	McArthur Furniture (Alberta) Ltd.	09012818546	January 28, 2009
Roynat Inc.	McArthur Furniture (Alberta) Ltd.	09101615022	October 16, 2009
G. N. Johnston Equipment Co. Ltd.	McArthur Furniture (Alberta) Ltd.	09102220532	October 22, 2009
MCAP Leasing Inc.	McArthur Furniture (Alberta) Ltd.	09120309319	December 3, 2009
MCAP Leasing Inc.	McArthur Furniture (Alberta) Ltd.	09121602702	December 16, 2009
National Leasing Group Inc.	McArthur Furniture (Alberta) Ltd. McArthur Fine Furniture MTK Properties Ltd.	10011910853	January 19, 2010
National Leasing Group Inc.	McArthur Furniture (Alberta) Ltd. MTK Properties Ltd.	10021208917	February 12, 2010

{00819101-2}

SCHEDULE "B"

1. Locations of Debtor's Business Operations

67 GLENBROOK PL SW
CALGARY, ALBERTA
T3E6W4

2. Locations of Records relating to Collateral (if different from 1. above)

SAME AS ABOVE

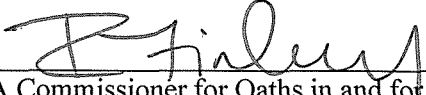
3. Locations of Collateral (if different from 1. above)

SAME AS ABOVE

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

E-FORM 923 (07/2011)

**THIS IS EXHIBIT "6" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

Search ID #: Z12276501

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #:

Search ID #: Z12276501

Date of Search: 2020-Jan-06

Time of Search: 08:48:30

Business Debtor Search For:

MCARTHUR FURNITURE (ALBERTA) LTD

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z12276501

Business Debtor Search For:

MCARTHUR FURNITURE (ALBERTA) LTD

Search ID #: Z12276501

Date of Search: 2020-Jan-06

Time of Search: 08:48:30

Registration Number: 11092218193

Registration Date: 2011-Sep-22

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2021-Sep-22 23:59:59

Exact Match on:

Debtor

No: 1

Amendments to Registration

16082421613

Renewal

2016-Aug-24

Debtor(s)**Block****Status**

Current

1 MCARTHUR FURNITURE (ALBERTA) LTD.
67 GLENBROOK PL SW
CALGARY, AB T3E 6W4

Secured Party / Parties**Block****Status**

Current

1 ROYAL BANK OF CANADA
180 WELLINGTON ST W 3RD FLR
TORONTO, ON M5J 1J1

Collateral: General**Block****Description****Status**

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY

Current

Search ID #: Z12276501

Business Debtor Search For:

MCARTHUR FURNITURE (ALBERTA) LTD

Search ID #: Z12276501

Date of Search: 2020-Jan-06

Time of Search: 08:48:30

Registration Number: 11092230707

Registration Type: LAND CHARGE

Registration Date: 2011-Sep-22

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

Status

Current

1 MCARTHUR FURNITURE (ALBERTA) LTD.
67 GLENBROOK PL SW
CALGARY, AB T3E 6W4

Secured Party / Parties

Block

Status

Current

1 ROYAL BANK OF CANADA
180 WELLINGTON ST W 3RD FLR
TORONTO, ON M5J 1J1

Search ID #: Z12276501

Business Debtor Search For:

MCARTHUR FURNITURE (ALBERTA) LTD

Search ID #: Z12276501

Date of Search: 2020-Jan-06

Time of Search: 08:48:30

Registration Number: 12060433735

Registration Type: SECURITY AGREEMENT

Registration Date: 2012-Jun-04

Registration Status: Current

Expiry Date: 2022-Jun-04 23:59:59

Exact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

Debtor(s)**Block****Status**

1 MCARTHUR FURNITURE (ALBERTA) LTD.
67 GLENBROOK PLACE SW
CALGARY, AB T3E 6W4

Current

Block**Status**

2 MCARTHUR FINE FURNITURE & INTERIOR DESIGN
67 GLENBROOK PLACE SW
CALGARY, AB T3E 6W4

Current

Secured Party / Parties**Block****Status**

1 VIP DISTRIBUTORS INC.
720 - 1ST AVENUE NORTH
SASKATOON, SK S7K 6R9

Current

Collateral: General**Block****Description****Status**

1	ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY	Current
2	AND ALL PROCEEDS THEREOF, INCLUDING, BUT NOT RESTRICTED TO	Current
3	ACCOUNTS, CHATTEL PAPER, GOODS, INSTRUMENTS, INTANGIBLES, MONEY	Current
4	AND SECURITIES, BE THEY CASH OR NON-CASH PROCEEDS, IN WHATEVER	Current
5	FORM AND HOWSOEVER ARISING, INCLUDING ANY TRANSFER, SALE OR	Current
6	PAYMENT REPRESENTING INDEMNITY OR COMPENSATION FOR LOSS OR DAMAGE	Current

Search ID #: Z12276501

7 TO THE COLLATERAL OR PROCEEDS THEREFROM.

Current

Search ID #: Z12276501

Business Debtor Search For:

MCARTHUR FURNITURE (ALBERTA) LTD

Search ID #: Z12276501

Date of Search: 2020-Jan-06

Time of Search: 08:48:30

Registration Number: 13111832641

Registration Type: SECURITY AGREEMENT

Registration Date: 2013-Nov-18

Registration Status: Current

Expiry Date: 2020-Nov-18 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

1 MCARTHUR FURNITURE (ALBERTA) LTD
67 GLENBROOK PLACE SW
CALGARY, AB T3E6W4

Current

Secured Party / Parties**Block****Status**

1 PENSKE TRUCK LEASING CANADA INC
RT 10 GREEN HILLS, PO BOX 791
READING, PA 19603

Current

Block**Status**

2 LOCATIONS DE CAMIONS PENSKE CANADA INC
RT 10 GREEN HILLS, PO BOX 791
READING, PA 19603

Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1FVACWDU6EHFU9097	2014	FREIGHTLINER M2	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO, INCLUDING, BUT NOT LIMITED TO XATA AND QUALCOMM SYSTEMS, AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.	Current

Search ID #: Z12276501

Business Debtor Search For:

MCARTHUR FURNITURE (ALBERTA) LTD

Search ID #: Z12276501

Date of Search: 2020-Jan-06

Time of Search: 08:48:30

Registration Number: 16031423152

Registration Type: SECURITY AGREEMENT

Registration Date: 2016-Mar-14

Registration Status: Current

Expiry Date: 2036-Mar-14 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

1 MCARTHUR FURNITURE (ALBERTA) LTD.
67 GLENBROOK PLACE SW
CALGARY, AB T3E 6W4

Current

Secured Party / Parties**Block****Status**

1 572843 ALBERTA LTD.
1603 - 43 STREET SW
CALGARY, AB T3C 2A5

Current

Collateral: General**Block****Description****Status**

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY

Current

2 ALL ACCOUNTS RECEIVABLE, INVENTORY, EQUIPMENT AND MACHINERY, REAL
PROPERTY, CHATTEL PAPER, DOCUMENTS OF TITLE, SECURITIES AND
INSTRUMENTS, INTANGIBLES, MONEY, BOOKS AND RECORDS AND PROCEEDS

Current

Search ID #: Z12276501

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

MCARTHUR FARMS
PO BOX 355
GLEICHEN, AB T0J 1N0

Reg.#

19041814746

SECURITY AGREEMENT

Debtor Name / Address

MCARTHUR FARMS
PO BOX 355
GLEICHEN, AB T0J 1N0

Reg.#

19080707861

SECURITY AGREEMENT

Debtor Name / Address

MCARTHUR FARMS
PO BOX 355
GLEICHEN, AB T0J 1N0

Reg.#

19080708323

SECURITY AGREEMENT

Debtor Name / Address

MCARTHUR FINE FURNITURE & INTERIOR DESIGN
67 GLENBROOK PLACE SW
CALGARY, AB T3E 6W4

Reg.#

12060433735

SECURITY AGREEMENT

Debtor Name / Address

MCCARTHUR FARMS LTD.
PO BOX 162
JARVIE, AB T0G 1H0

Reg.#

18082812073

SECURITY AGREEMENT

Debtor Name / Address

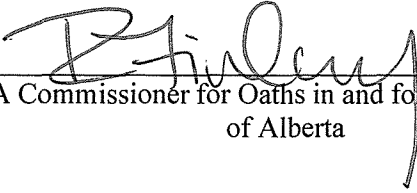
MCCARTHUR FARMS LTD.
PO BOX 162
JARVIE, AB T0G 1H0

Reg.#

18091813697

SECURITY AGREEMENT

**THIS IS EXHIBIT "7" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

COMMERCIAL MORTGAGE
LAND TITLES ACT (ALBERTA)

1.	NAME AND ADDRESS OF MORTGAGOR (THE "MORTGAGOR") MTK PROPERTIES LTD. 67 Glenbrook Place S.W. Calgary, Alberta T3E 6W4
2.	NAME AND ADDRESS OF ANY CORPORATE GUARANTOR (THE "GUARANTOR") (if applicable) MCARTHUR FURNITURE (ALBERTA) LTD. 892 Shawnee Drive S.W. Calgary, Alberta T2Y 1X3
3.	MAXIMUM PRINCIPAL AMOUNT FOR WHICH GUARANTOR IS LIABLE (if applicable). (If not completed, the Guarantor shall be liable for the full amount as indicated in the Guarantee provisions of the Mortgage.) \$675,000.00
4.	NAME AND ADDRESS OF MORTGAGEE (THE "MORTGAGEE") ROYAL BANK OF CANADA 180 Wellington Street West, 3 rd Floor Toronto, Ontario M5J 1J1
5.	LEGAL DESCRIPTION OF LANDS (THE "LANDS") PLAN 8110923 BLOCK K LOT 2 EXCEPTING THEREOUT ALL MINES AND MINERALS
6.	PAYMENT PROVISIONS
(a)	Principal Amount: \$4,900,000.00
(b)	Mortgage Interest Rate (delete inapplicable options): (i) if fixed rate of interest: 18.0% per annum, calculated semi-annually not in advance

(ii) if variable rate of interest based on the Prime Rate: the Prime Rate as the same will vary from time to time, plus _____% (the "Margin") per annum, calculated monthly not in advance (iii) if other (insert as applicable):
(c) Interest Adjustment Date: January 13, 2012
(d) Instalment Date: first day of each and every month in each and every year until the Maturity Date
(e) First Instalment Date: February 1, 2012
(f) Maturity Date: January 13, 2015
(g) Instalment Amount (delete inapplicable option): (i) if fixed rate of interest or variable rate of interest with blended payments (to include principal and interest): \$73,217.37 (ii) if variable rate of interest with interest only payments: such amount of interest as may accrue under the Mortgage
7. STANDARD MORTGAGE TERMS This Mortgage consists of the Mortgagee's set of Standard Form Mortgage Terms ("SMT") filed at the South Alberta Land Registration District as Instrument number 031 040 055 and at the North Alberta Land Registration District as Instrument number 032 043 007 together with all schedules thereto and is subject to the terms contained in the SMT as varied by any deletions from, or amendments or additions to the terms of the SMT as set out herein.
8. DELETED, AMENDED OR ADDED TERMS See Schedule "A" (if any).

9. ACKNOWLEDGEMENTS

The Mortgagor hereby acknowledges as follows:

- (a) That the Mortgagor understands the nature of the SMT referred to in clause 7 above and the statements made in the said clause;
- (b) That the Mortgagor has been given a copy of the SMT;
- (c) That the Mortgagor is the registered owner of the Mortgaged Premises; and
- (d) For the better securing to the Mortgagee of the repayment in the manner set out in this Mortgage of the Principal Amount and interest and all other indebtedness and obligations of the Mortgagor secured by this Mortgage, the Mortgagor hereby mortgages and charges to the Mortgagee all the Mortgagor's estate and interest in the Mortgaged Premises.

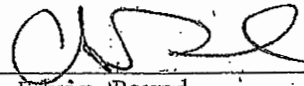
The Guarantor hereby acknowledges that the Guarantor has been given a copy of the SMT.

10. EXECUTION BY MORTGAGOR

The Mortgagor has executed this Mortgage on January 11, 2012.

MTK PROPERTIES LTD.

Witness

Per:  (c/s)
Edwin Pound

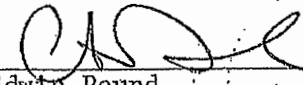
Per: _____

11. EXECUTION BY CORPORATE GUARANTOR

The Guarantor has executed the Guarantee contained in this Mortgage on January 11, 2012.

MCARTHUR FURNITURE (ALBERTA) LTD.

Witness

Per:  (c/s)
Edwin Pound

Per: _____

12. AFFIDAVIT OF EXECUTION

I, _____, of the _____ of _____,
in the Province of Alberta, _____, (occupation) make oath and say:

(a) THAT I was personally present and did see _____ and
_____ named in the within instrument, who are personally
known to me to be the person(s) named therein, duly sign, seal and execute the same for
the purposes named therein.

(b) THAT the same was executed at the _____ of _____, in the
_____ of _____ and that I am a subscribing witness thereto.

(c) THAT I know the said persons and each is in my belief of the full age of eighteen years.

Sworn before me at _____, in)
the Province of _____, this)
_____ day of _____, _____)

A Commissioner for Oaths in and for the Province
of Alberta

Signature of Witness

13. AFFIDAVIT VERIFYING CORPORATE AUTHORITY

I, _____, of the _____ of _____,
in the Province of Alberta, MAKE OATH AND SAY:

- (a) I am an officer or a director of _____ named in the within or annexed instrument (or caveat).
- (b) I am authorized by the corporation to execute the instrument (or caveat) without affixing a corporate seal.

SWORN before me at _____, in)
the Province of _____, this _____)
day of _____, _____)

A Commissioner for Oaths in and for the Province)
of Alberta)

SCHEDULE "A"

1. Paragraph 18 of the SMT is deleted in its entirety and replaced with the following:

18. **CROSS-DEFAULT**

Any breach by the Mortgagor of a covenant or proviso under any other existing or future agreement, document, mortgage, security agreement, assignment of rentals, assignment of leases or any other security in favour of the Mortgagee shall entitle the Mortgagee to exercise its remedies as set out in this Mortgage, as if there had been a default of payment, other default or breach of any covenant or proviso of this Mortgage.

ASSIGNMENT OF LEASES AND RENTS

THIS ASSIGNMENT is made the 11 day of January, 2012

BY:

MTK PROPERTIES LTD., a body corporate having an office in
Calgary, Alberta (hereinafter referred to as the "Company")

IN FAVOUR OF:

ROYAL BANK OF CANADA, a chartered bank pursuant to the *Bank Act* (Canada) having an office in Calgary, Alberta (hereinafter referred to as the "Lender")

WHEREAS the Company has agreed, as part of the security for the repayment of certain credit facilities pursuant to the commitment letter dated November 8, 2011 from the Lender to the Borrower, as such letter may be amended, restated or replaced from time to time (the "Commitment Letter"), (the "Loan"), to grant unto the Lender an assignment of those certain leases, as amended, and all rents due or accruing due from such leases, (each of which is hereinafter referred to as a "Lease", and all of which together are hereinafter referred to as the "Leases"), the Leases having been granted with respect to premises located in the building(s) situate on the lands described in Schedule "A" attached (the "Lands").

AND WHEREAS the Company has granted, or is granting concurrently herewith, a mortgage (the "Mortgage") of the Lands unto the Lender, as amended, supplemented, restated or replaced from time to time, which Mortgage secures repayment of the Loan;

AND WHEREAS it is a condition precedent to the advance by the Lender to the Company of the whole or any portion of the proceeds of the Loan, that the Company assigns the Leases unto the Lender;

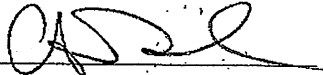
1. **NOW THEREFORE** in consideration of the premises and the sum of ONE DOLLAR (\$1.00) now paid by the Lender to the Company (the receipt whereof the Company hereby acknowledges), and of the Lender advancing the whole or any part of the Loan, the Company does hereby irrevocably assign, grant, transfer and set over unto the Lender the Leases and all the Company's right, title estate and interest in and to each of the Leases, together with any amendments, extensions and renewals thereof and any guarantees of the obligations of the tenants thereunder and the rents payable thereunder and all benefits and advantages to be derived therefrom, and together also with the full benefit of all powers and of all covenants and provisos contained in the Leases to hold the same unto the Lender, its successors and assigns according to the nature and tenor thereof, subject nevertheless to the proviso for re-assignment next hereinafter mentioned; and the Company, for the purposes aforesaid, does hereby nominate, constitute and appoint the Lender its attorney, with full power and authority either in the Lender's name or in the name of the Company, its successors and assigns, to enforce the covenants, provisos and conditions set forth in the Leases; provided always that if the Loan is repaid in full to the Lender, then the Lender shall, at the request and the cost of the Company, re-assign the Leases to the Company or as the Company shall direct.
2. For the consideration aforesaid the Company hereby covenants and agrees with the Lender as follows:

- (a) that the Leases are valid, subsisting and in good standing, and that no rentals thereunder have been collected or paid in advance of due date except in accordance with the terms of the Leases, and that there has been no modification, change or extension of the Leases except in writing as fully disclosed to the Lender;
 - (b) that the Company is absolutely and solely entitled to all rents, profits and landlord's rights and privileges under the Leases, and has made no assignment thereof other than by these presents;
 - (c) that the Company shall not, without the prior consent in writing of the Lender, any time hereafter demand or accept payment of rent under any of the Leases more than one (1) calendar month in advance, except to the extent provided for in the Leases;
 - (d) that without the prior consent in writing of the Lender, the Company shall not permit or suffer any modification, surrender, termination, cancellation, or amendment of the Leases or any provision thereof, or any assignment, transfer, mortgage or charge of the tenant's interests thereunder; and
 - (e) that any default by the Company in the performance of any agreement or proviso herein contained shall constitute and be deemed to be a default under the Mortgage entitling the Lender to all rights and remedies therein contained.
3. The Company understands and acknowledges that these presents are and are intended to be an absolute, present and unconditional assignment (subject nevertheless to the proviso for re-assignment as hereinbefore provided) and that the Lender may as soon after the execution of these presents as is practicable, serve on each and every tenant under the Leases, a notice with regard to this assignment and the disposition of future rents under the Leases, and that this assignment is and shall constitute a security for the repayment of the Loan. For the consideration aforesaid and in further consideration of the Lender directing each and every tenant under the Leases, to continue to pay to the Company, as agent for the Lender until a breach on the part of the Company shall occur (whether under these presents or the Mortgage or of any of the Company's obligations to the Lender under any other security however constituted), the rentals and other monies due under the Leases, the Company hereby covenants and agrees with the Lender:
- (a) that upon the Lender at its unfettered discretion being of the opinion that a breach as aforesaid has occurred and thereafter serving on any or all tenants under the Leases, notice in writing requiring such tenant or tenants to thereafter pay the rents and other monies due under that tenant's Lease, to the Lender, the Company shall cause payment to the Lender of the rentals and other monies, and no tenant shall be obliged to inquire as to the Lender's right thereto, and the Company hereby acknowledges that any and all payments which may be effected by a tenant pursuant to any such notice, shall to the extent of any such payment, operate as a discharge to each such tenant of and in respect of rent or other monies due and payable under that tenant's Lease;
 - (b) that the Lender shall not, by reason of these presents or otherwise, be responsible for the collection of the rents or other sums payable under the Leases or renewals thereof or leases in substitution for the Leases, or for the non-performance of the covenants and provisos contained in the Leases, but that the Lender shall be accountable only for monies actually received; and

- (c) that the Lender shall not by virtue of the execution of these presents, be deemed a mortgagee in possession, and neither the taking of this assignment by the Lender nor anything done in pursuance hereof shall make the Lender liable in any way as landlord or otherwise for the performance of any covenants, obligations, or liabilities under the Leases.
4. All rights and powers of the Lender shall enure to its benefit and that of its successors and assigns, and all agreements herein shall bind the Company, its successors and assigns.
5. Wherever the singular number or the masculine gender is used in this Assignment the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this Assignment is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Assignment shall be jointly and severally bound by the covenants, agreements, stipulations and provisos herein stated which shall be in addition to those granted or implied by statute.
6. This Assignment shall be governed by the laws of the Province of Alberta.

IN WITNESS WHEREOF the Company has executed this Assignment under seal by its duly authorized officers on the date first above noted.

MTK PROPERTIES LTD.

Per: 

Name: Edwin Pound

Title: Secretary

SCHEDULE "A"

THE LANDS

PLAN 8110923

BLOCK K

LOT 2

EXCEPTING THEREOUT ALL MINES AND MINERALS

SPECIFIC ASSIGNMENT OF LEASES

Dated: January 11, 2012

TO: ROYAL BANK OF CANADA
(the "Mortgagee")

WHEREAS:

- A. MTK PROPERTIES LTD. (the "Mortgagor") is, or is entitled to become, the legal and beneficial owner of those certain parcels of land and premises (the "Lands") situate in Alberta and described as follows:

PLAN 8110923

BLOCK K

LOT 2

EXCEPTING THEREOUT ALL MINES AND MINERALS

- B. The Mortgagor is granting to the Mortgagee a mortgage (the "Mortgage") of the Lands of even date herewith and to be registered against the titles to the Lands to secure, inter alia, payment of the principal sum of FOUR MILLION, NINE HUNDRED THOUSAND DOLLARS (\$4,900,000.00), together with interest thereon and all other monies due thereunder (the "Loan");
- C. The Mortgagor (or a prior registered owner of the Lands) has entered into leases (the "Leases") with respect to the Lands or parts thereof as more particularly set forth on Schedule "A" hereto;
- D. The Mortgagee will not advance the Loan unless these presents are executed;

NOW THEREFORE in consideration of the premises and of the sum of \$1.00 now paid by the Mortgagee to the Mortgagor and other good and valuable consideration, the receipt and sufficiency of which the Mortgagor hereby acknowledges, the Mortgagor hereby covenants and agrees that:

1. The Mortgagor hereby assigns, transfers and sets over to the Mortgagee the Leases and the rents and other payments due or accruing due thereunder, and all other benefit and advantage to be derived therefrom, including the full benefit of all covenants and provisions contained in the Leases, the benefit of all guarantees of payment with respect thereto, the power to amend, modify, extend, cancel or terminate any Lease or accept any surrender thereof and the power to waive any default by a tenant thereunder.
2. The Mortgagor represents and warrants that:
 - (a) each of the Leases is a good, valid and subsisting lease;
 - (b) the Leases have not been amended, modified or extended except as set forth in Schedule "A" and as disclosed to the Mortgagee;
 - (c) neither the Mortgagor nor any of the tenants under the Leases are presently in default of any of their obligations thereunder, nor do any of them presently have any dispute with any party thereto;

- (d) the rent payable under each of the Leases has not been demanded, collected, accepted or paid in advance of the time for payment thereof or otherwise than in the manner set forth in such Lease;
- (e) neither the Leases nor the rents payable thereunder are currently subject to any assignment, pledge, hypothecation or other encumbering by the Mortgagor (or any prior registered owner of the Lands), and the Mortgagor is absolutely and solely entitled to such rents; and
- (f) there are no existing or future rights of set-off, assignment, commutation or prepayment with respect to the rents payable under any of the Leases.

3. The Mortgagor covenants and agrees as follows:

- (a) to at all times observe and perform all its obligations under the Leases, and to promptly provide to the Mortgagee on request a true copy of each Lease;
- (b) not to amend, modify, extend, cancel or terminate any Lease or accept any surrender thereof except with the prior written consent of the Mortgagee;
- (c) not to demand, collect or accept any rent payable under any of the Leases more than one month in advance of the time for payment thereof (except to the extent provided for under the Leases), except with prior written consent of the Mortgagee; and
- (d) not to further assign, pledge, hypothecate or otherwise encumber the Leases or the rents payable thereunder.

4. This assignment shall continue as security until the Loan is fully repaid. The giving of this assignment is by way of additional and collateral security for the Loan and not in substitution for or in satisfaction of the Mortgage or of any other collateral security and will not in any way derogate from or delay or prejudice any rights or remedies to which the Mortgagee may be entitled under the Mortgage or under any other security collateral thereto or at law or at equity, and will not in any way prejudice or limit the Mortgagor's obligations under the Mortgage or under any such other security. Default by the Mortgagor under any of the provisions hereof shall constitute a default under the Mortgage.

5. Neither this assignment nor anything contained herein shall bind the Mortgagee to recognize any or all of the Leases nor in any way render the interest of the Mortgagee under the Mortgage subject to any of the Leases. The Mortgagor hereby indemnifies the Mortgagee against and will hold the Mortgagee harmless from any and all liability, loss or damage which the Mortgagee may suffer or incur under any of the Leases and of and from any and all claims and demands whatsoever which may be asserted against the Mortgagee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms of any of the Leases and any such liability, loss or damage together with interest thereon at the rate prescribed in the Mortgage shall be secured hereby and by the Mortgage and shall be payable upon demand.

6. The Mortgagor hereby grants to the Mortgagee full power and authority, with or without entry upon the Lands, to enforce the covenants and provisions set forth in the Leases, including the power and authority to demand, collect, sue for, distrain for, recover, receive and give receipts for the rents under the Leases, in the Mortgagee's own name or in the name of and as agent for the Mortgagor, as the Mortgagee may elect, and the Mortgagor hereby grants to the Mortgagee

irrevocable authority to join the Mortgagor in any such proceedings or actions, whether judicial or extra-judicial.

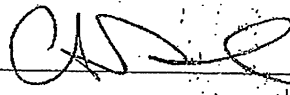
7. The parties agree that this Assignment is an actual assignment effective as of the date hereof and that the Mortgagee may at its option, serve on each of the tenants under the Leases a notice with regard to this assignment and the disposition of future rents under the Leases. For the consideration aforesaid and in further consideration of the Mortgagee directing the tenants to continue to pay to the Mortgagor the rentals and other monies due under the Leases on but not prior to accrual until further notices are received from the Mortgagee (which notices, at the Mortgagee's discretion, are to be provided upon a default on the part of the Mortgagor occurring under these presents or under the Mortgage or under any of the Mortgagor's obligations to the Mortgagee under any other security for the Loan), the Mortgagor hereby covenants and agrees with the Mortgagee that upon the Mortgagee in its unfettered discretion being of the opinion that a default as aforesaid has occurred and thereafter serving on the tenants notices in writing requiring such tenants to thereafter pay the rents and other monies due under the Leases to the Mortgagee, the Mortgagor shall cause payment to the Mortgagee of the said rentals and other monies, and none of such tenants (or guarantors or indemnifiers) shall be obliged to inquire as to the Mortgagee's right thereto, and the Mortgagor hereby acknowledges that any and all payments which may be effected by, or on behalf of, a tenant pursuant to any such notices, shall to the extent of any such payment, operate as a discharge of each such tenant of and in respect of rent or other monies due and payable under such Lease. Upon demand made by the Mortgagee on the tenant under any of the Leases or on any person otherwise liable for any of the rents thereunder, such tenant or person shall, and is hereby authorized and directed to pay to or upon the Mortgagee's order, and without any inquiry of any nature, all rents then or thereafter accruing under the Leases, and such demand shall be sufficient authority for the said tenant or person to pay such rents to the Mortgagee, without reference to whether such demand is made in accordance with this agreement.
8. Nothing herein set forth will be deemed to make the Mortgagee responsible for the collection of the rents or for the observance or performance of any of the provisions of the Leases either by the Mortgagor or by any holders of the Leases, or to render the Mortgagee a mortgagee in possession of the Lands or in any way accountable or liable as such, or to impose any obligation on the Mortgagee to take any action or to exercise any remedy on the collection or recovery of the rents or to sell to or enforce the performance of the obligations and liabilities of any person under or in respect of all or any of the Leases.
9. The Mortgagee will be liable to account to the Mortgagor for only such monies as it actually receives in its hands pursuant to this assignment, after deduction of any collection charges, inspection fees, costs as between solicitor and his own client, and other expenses to which the Mortgagee may be put in respect thereof, and the balance of such monies, when so received by the Mortgagee will be applied on account of the Loan.
10. In the event that a proposal or a notice of intention to file a proposal is filed under the Bankruptcy and Insolvency Act (Canada) by a tenant under a Lease, and such tenant thereby seeks to repudiate that Lease:
 - (a) all benefits which might otherwise accrue to the Mortgagor as landlord including, without limitation, all monies required to be paid as aforesaid, shall be paid to the Mortgagee, all of which such benefits and monies being hereby assigned to the Mortgagee. All monies so received by the Mortgagee shall, at the Mortgagee's option, either be paid to the

Mortgagor in whole or in part (the amounts to be determined at the absolute discretion of the Mortgagee) or be applied on account of the Loan; and

- (b) all notices which may be given to the Mortgagor as landlord, shall also be given to the Mortgagee, and all right of the Mortgagor as landlord to respond (including the making of any objection or the taking of any other step) with respect to the tenant's proposal or repudiation of the Lease shall be vested in the Mortgagee who shall have the right (but not the obligation), as agent and in the name of the Mortgagor or otherwise, to respond in such manner as to the Mortgagee may seem fit. It is understood and agreed that if the Mortgagee responds as aforesaid, the Mortgagee shall be entitled to prefer its own interests (as mortgagee) over that of the Mortgagor, and the Mortgagor agrees to and does hereby indemnify the Mortgagee against all costs, proceedings, claims and demands which may be made against the Mortgagee in or as a result of the Mortgagee responding as aforesaid.
11. (a) The Mortgagor will execute such further assurances as the Mortgagee may reasonably require from time to time to perfect this assignment.
- (b) Time will be of the essence hereof.
- (c) This assignment will be governed by the laws of the Province of Alberta.
- (d) Where the context so requires all references herein to the singular will be construed to include the plural, the masculine to include the feminine and neuter genders and, where necessary, a body corporate, and vice versa; and in any case where this assignment is executed by more than one party, all provisions hereof shall be construed and taken as against such executing parties as joint and several.
- (e) This assignment will enure to the benefit of and be binding upon the Mortgagor and the Mortgagee and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF this assignment has been executed under seal as of the date first written above.

MTK PROPERTIES LTD.

Per:  (c/s)

Per: _____

SCHEDULE "A"

Name of Tenant	Date of Lease (and any amendments or extensions)	Term of Lease
MCARTHUR FURNITURE (ALBERTA) LTD.	December 31, 2010	<u>5</u> years Commencing January 1, 2011

SITE SPECIFIC SECURITY AGREEMENT**1. SECURITY INTEREST**

(a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** (the "Lender"), having a place of business at **180 Wellington Street West, 3rd Floor, Toronto, ON M5J 1J1**, a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property consisting of all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) now or hereafter situate on, used in connection with or arising from the business or affairs carried on, at or about the real property located at or about **67 Glenbrook Place S.W., Calgary, Alberta** (the "Mortgaged Property") and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and as further general and continuing security for the Debtor's indebtedness to the Lender the Debtor hereby assigns the Collateral to the Lender and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Lender. The Security Interest hereby created shall include such assignment, mortgage and charge. Without limiting the generality of the foregoing, the Collateral includes all of the following now owned or hereafter owned or acquired by or on behalf of Debtor now or hereafter situate on, used in connection with or arising from the business or affairs carried on at the Mortgaged Property or the business or operations of the Debtor related to the Mortgaged Property:

- (i) all Inventory of whatever kind;
- (ii) all equipment (other than Inventory) of whatever kind, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- (iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents or Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (v) all lists, records and files relating to Debtor's customers, clients and patients; and
- (vi) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

(b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term in the course of the enforcement of the said Security Interest; nor shall the Security Interest render the Lender liable to observe or perform any term, covenant or condition of any agreement, documents or instrument to which the Debtor is a party or by which it is bound.

(c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "proceed", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A.. Any reference herein to "collateral" shall, unless the context

otherwise requires, be deemed a reference to "Collateral or any part thereof".

(d) The Debtor and the Lender acknowledge and agree that the Security Interest is taken over all of the Debtor's present and after acquired personal property except: (i) Goods not ordinarily located on the Mortgaged Property; and (ii) Accounts, Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities not used in connection with, or not arising from, the Mortgaged Property or the business or affairs carried on at the Mortgaged Property.

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to the Lender (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Lender shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

(a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by the Lender, prior to their creation or assumption;

(b) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to the Lender from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable; and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against the Lender, whether in any proceeding to enforce Collateral or otherwise;

(c) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situated at one of such locations;

(d) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to the Lender will not result in a breach of any agreement to which Debtor is a party; and

(e) None of the Collateral in existence on the date hereof (i) is incapable of being assigned or otherwise secured in favour of the Lender in accordance with the provisions of this Security Agreement; (ii) is incapable of further assignment or security granted by the Lender or by any Receiver (as that term is defined in section 13(b) herein) after default; or (iii) requires the consent of any third party to the security interest granted hereby, except for any consent that has already been obtained. The Debtor covenants with the Lender that no

Collateral will be hereafter obtained or agreed to by the Debtor which is not secured in favour of the Lender in accordance with the provisions hereof or which requires the consent of any third party to any such security.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

(a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by the Lender, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of the Lender; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;

(b) to notify the Lender promptly of:

- (i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
- (ii) the details of any significant acquisition of Collateral,
- (iii) the details of any claims or litigation affecting Debtor or Collateral,
- (iv) any loss or damage to Collateral,
- (v) any default by any Account Debtor, in payment or other performance of its obligations with respect to Collateral, and
- (vi) the return to or repossession by Debtor of Collateral;

(c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;

(d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by the Lender of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;

(e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

(f) to insure Collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as the Lender may from time to time direct, with loss payable to the Lender and Debtor, as insured, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to the Lender on request;

(g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

(h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at the Lender's request so as to indicate the Security Interest;

(i) to deliver to the Lender from time to time promptly upon request:

- (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- (iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- (iv) all policies and certificates of insurance relating to Collateral, and
- (v) such information concerning Collateral, the Debtor and Debtor's business and affairs as the Lender may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Lender shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Lender may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as the Lender may reasonably request in connection therewith and for such purpose to grant to the Lender or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES

If Collateral at any time includes Securities, Debtor authorizes the Lender to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Lender or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, the Lender shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by the Lender or its nominee(s) as such registered owner and agrees that no proxy issued by the Lender to Debtor or its order as aforesaid shall thereafter be effective.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, the Lender may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to the Lender. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for the Lender and shall be turned over to the Lender upon request.

Debtor authorizes the Lender to take such action or proceedings in Debtor's name and at Debtor's expense as may be necessary to collect and recover any rents.

8. INCOME FROM AND INTEREST ON COLLATERAL

(a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if the Lender receives any such Money prior to default, the Lender shall either credit the same against the indebtedness or pay the same promptly to Debtor.

(b) After default, Debtor will not request or receive any Money constituting income from or interest on

Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to the Lender.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

- (a) Whether or not default has occurred, Debtor authorizes the Lender:
 - (i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral. Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;
 - (ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.
- (b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to the Lender to be held by the Lender as herein provided.

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by the Lender pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as the Lender deems best or, at the option of the Lender, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of the Lender hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

- (a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and the Lender;
- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
- (c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;
- (d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;
- (e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;
- (f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- (g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;
- (h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter

furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Lender to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Lender at or prior to the time of such execution.

12. ACCELERATION

The Lender, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if the Lender considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of the Lender with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

(a) Upon default, the Security Interest granted hereby will at the option of the Lender in its sole discretion become immediately enforceable.

(b) Upon default, the Lender may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Lender or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not the Lender, and the Lender shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situated, maintain Collateral upon such premises, borrow Money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by the Lender, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to the Lender. Every such Receiver may, in the discretion of the Lender, be vested with all or any of the rights and powers of the Lender.

(c) Upon default, the Lender may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (b).

(d) The Lender may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Lender may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Lender may seem reasonable.

(e) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and the Lender and in addition to any other rights the Lender may have at law or in equity, the Lender shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that the Lender shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any

proceedings for such purposes. Furthermore, the Lender shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in the Lender's possession and shall not be liable or accountable for failure to do so.

(f) Debtor acknowledges that the Lender or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from the Lender or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

(g) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by the Lender or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by the Lender or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

(h) The Lender will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A.

(i) Debtor appoints any officer or director or branch manager of the Lender upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign or transfer, and to record any assignment or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

(a) Debtor hereby authorizes the Lender to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as the Lender may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of a branch of the Lender, in the province in which the Mortgaged Property is situate, the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

(b) Without limiting any other right of the Lender, whenever Indebtedness is immediately due and payable or the Lender has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Lender may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by the Lender in any capacity, whether or not due, and the Lender shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Lender's records subsequent thereto.

(c) Upon Debtor's failure to perform any of its duties hereunder, the Lender may, but shall not be obligated to, perform any or all of such duties, and Debtor shall pay to the Lender, forthwith upon written demand therefor, an amount equal to the expense incurred by the Lender in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

(d) The Lender may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as the Lender may see fit without prejudice to the liability of Debtor or the Lender's right to hold and realize the Security Interest. Furthermore, the Lender may demand, collect and sue on Collateral in either Debtor's or the Lender's name, at

the Lender's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

(e) No delay or omission by the Lender in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Lender may remedy any default by Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of the Lender granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

(f) Debtor waives protest of any Instrument constituting Collateral at any time held by the Lender on which Debtor is in any way liable and, subject to Clause 13(h) hereof, notice of any other action taken by the Lender.

(g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against the Lender. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

(h) The Lender may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Lender or any one acting on behalf of the Lender.

(i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(j) Subject to the requirements of Clauses 13(h) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of the Lender, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to the Lender. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

(k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by the Lender and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the place of business of the Lender mentioned in section 1(a) shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by the Lender, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

(l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

(m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

(n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

(o) Nothing herein contained shall in any way obligate the Lender to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

(p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to the Lender.

(q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby

(i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and

(ii) shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

(r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with the Lender that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

(s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the **Province of Alberta**, as those laws may from time to time be in effect, including where applicable, the P.P.S.A.

15. COPY OF AGREEMENT

(a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.

(b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by the Lender or of any verification statement with respect to any financing statement or financing change statement registered by the Lender. (Applies in all P.P.S.A. Provinces except Ontario).

16. Debtor represents and warrants that the following information is accurate:

INDIVIDUAL DEBTOR

SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE: YR / MO / DAY
ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE
SURNAME (LAST NAME)	FIRST NAME	SECOND NAME	BIRTH DATE: YR / MO / DAY

ADDRESS OF INDIVIDUAL DEBTOR	CITY	PROVINCE	POSTAL CODE

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR			
MTK PROPERTIES LTD.			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE
67 Glenbrook Place S.W.	Calgary	AB	T3E 6W4
NAME OF BUSINESS DEBTOR			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE
NAME OF BUSINESS DEBTOR			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE

IN WITNESS WHEREOF Debtor has executed this Security Agreement this 01 day of January 2012.

MTK PROPERTIES LTD.

By: 

Edwin Pound

Title:

Secretary

By: _____

Title: _____

I / We have the authority to bind the Corporation

WITNESS: _____

Insert name of **INDIVIDUAL DEBTOR** here

SCHEDULE "A"
(ENCUMBRANCES AFFECTING COLLATERAL)
PERSONAL PROPERTY REGISTRY
REGISTRATIONS
MTK PROPERTIES LTD.

SECURED PARTY	DEBTOR	REGISTRATION NO.	REGISTRATION DATE
National Leasing Group Inc.	McArthur Furniture (Alberta) Ltd. McArthur Fine Furniture MTK Properties Ltd.	10011910853	January 19, 2010
National Leasing Group Inc.	McArthur Furniture (Alberta) Ltd. MTK Properties Ltd.	10021208917	February 12, 2010

SCHEDULE "B"

1. Locations of Debtor's Business Operations

67 Glenbrook Place S.W., Calgary, Alberta T3E 6W4

2. Locations of Records relating to Collateral (if different from 1. above)

3. Locations of Collateral (if different from 1. above)

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

SCHEDULE "A"

Name of Tenant

**Date of Lease (and any
amendments or extensions)**

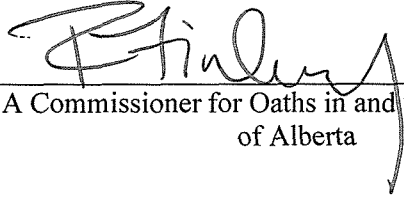
Term of Lease

MCARTHUR FURNITURE
(ALBERTA) LTD.

December 31, 2010

5 years
Commencing January 1, 2011

**THIS IS EXHIBIT "8" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

COMMERCIAL MORTGAGE
LAND TITLES ACT (ALBERTA)

1.	NAME AND ADDRESS OF MORTGAGOR (THE "MORTGAGOR") / MTK PROPERTIES LTD. 67 Glenbrook Place S.W. Calgary, Alberta T3E 6W4
2.	NAME AND ADDRESS OF ANY CORPORATE GUARANTOR (THE "GUARANTOR") (if applicable) MCARTHUR FURNITURE (ALBERTA) LTD. 892 Shawnee Drive S.W. Calgary, Alberta T2Y 1X3
3.	MAXIMUM PRINCIPAL AMOUNT FOR WHICH GUARANTOR IS LIABLE (if applicable). (If not completed, the Guarantor shall be liable for the full amount as indicated in the Guarantee provisions of the Mortgage.) \$675,000.00
4.	NAME AND ADDRESS OF MORTGAGEE (THE "MORTGAGEE") / ROYAL BANK OF CANADA 180 Wellington Street West, 3 rd Floor Toronto, Ontario M5J 1J1
5.	LEGAL DESCRIPTION OF LANDS (THE "LANDS") / PLAN 0810892 BLOCK 5 LOT 1 EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 0.812 HECTARES (2.01 ACRES) MORE OR LESS
6.	PAYMENT PROVISIONS
(a)	Principal Amount: \$4,900,000.00
(b)	Mortgage Interest Rate (delete inapplicable options): (i) if fixed rate of interest: 18.0% per annum, calculated semi-annually not in advance

(ii) if variable rate of interest based on the Prime Rate: the Prime Rate as the same will vary from time to time, plus _____% (the "Margin") per annum, calculated monthly not in advance (iii) if other (insert as applicable):
(c) Interest Adjustment Date: January 13, 2012
(d) Instalment Date: first day of each and every month in each and every year until the Maturity Date
(e) First Instalment Date: February 1, 2012
(f) Maturity Date: January 13, 2015
(g) Instalment Amount (delete inapplicable option): (i) if fixed rate of interest or variable rate of interest with blended payments (to include principal and interest): \$73,217.37 (ii) if variable rate of interest with interest only payments: such amount of interest as may accrue under the Mortgage
7. STANDARD MORTGAGE TERMS This Mortgage consists of the Mortgagee's set of Standard Form Mortgage Terms ("SMT") filed at the South Alberta Land Registration District as Instrument number 031 040 055 and at the North Alberta Land Registration District as Instrument number 032 043 007 together with all schedules thereto and is subject to the terms contained in the SMT as varied by any deletions from, or amendments or additions to the terms of the SMT as set out herein.
8. DELETED, AMENDED OR ADDED TERMS See Schedule "A" (if any).

9. ACKNOWLEDGEMENTS

The Mortgagor hereby acknowledges as follows:

- (a) That the Mortgagor understands the nature of the SMT referred to in clause 7 above and the statements made in the said clause;
- (b) That the Mortgagor has been given a copy of the SMT;
- (c) That the Mortgagor is the registered owner of the Mortgaged Premises; and
- (d) For the better securing to the Mortgagee of the repayment in the manner set out in this Mortgage of the Principal Amount and interest and all other indebtedness and obligations of the Mortgagor secured by this Mortgage, the Mortgagor hereby mortgages and charges to the Mortgagee all the Mortgagor's estate and interest in the Mortgaged Premises.

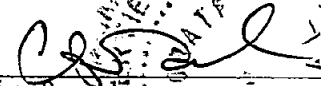
The Guarantor hereby acknowledges that the Guarantor has been given a copy of the SMT.

10. EXECUTION BY MORTGAGOR

The Mortgagor has executed this Mortgage on January 11, 2012.

MTK PROPERTIES LTD.

Witness

Per:  (c/s)
Edwin Pound

Per: _____ ✓

11. EXECUTION BY CORPORATE GUARANTOR

The Guarantor has executed the Guarantee contained in this Mortgage on January 11, 2012.

MCARTHUR FURNITURE (ALBERTA) LTD.

Witness

Per:  (c/s)
Edwin Pound

Per: _____

12. AFFIDAVIT OF EXECUTION

I, _____, of the _____ of _____,
in the Province of Alberta, _____, (occupation) make oath and say:

- (a) THAT I was personally present and did see _____ and
_____ named in the within instrument, who are personally
known to me to be the person(s) named therein, duly sign, seal and execute the same for
the purposes named therein.
- (b) THAT the same was executed at the _____ of _____, in the
_____ of _____ and that I am a subscribing witness thereto.
- (c) THAT I know the said persons and each is in my belief of the full age of eighteen years.

Sworn before me at _____, in)
the Province of _____, this)
_____ day of _____, _____)
)
)
)
)

A Commissioner for Oaths in and for the Province
of Alberta

Signature of Witness

13. AFFIDAVIT VERIFYING CORPORATE AUTHORITY

I, _____, of the _____ of _____,
in the Province of Alberta, MAKE OATH AND SAY:

- (a) I am an officer or a director of _____ named in the within or annexed instrument (or caveat).
- (b) I am authorized by the corporation to execute the instrument (or caveat) without affixing a corporate seal.

SWORN before me at _____, in)
the Province of _____, this _____)
day of _____, _____.)

A Commissioner for Oaths in and for the Province
of Alberta

SCHEDULE "A"

14. Paragraph 18 of the SMT is deleted in its entirety and replaced with the following:

18. **CROSS-DEFAULT**

Any breach by the Mortgagor of a covenant or proviso under any other existing or future agreement, document, mortgage, security agreement, assignment of rentals, assignment of leases or any other security in favour of the Mortgagee shall entitle the Mortgagee to exercise its remedies as set out in this Mortgage, as if there had been a default of payment, other default or breach of any covenant or proviso of this Mortgage.

APPENDIX "1"

ASSIGNMENT OF LEASES AND RENTS

THIS ASSIGNMENT is made the 11 day of January, 2012

BY:

MTK PROPERTIES LTD., a body corporate having an office in
Calgary, Alberta (hereinafter referred to as the "**Company**")

IN FAVOUR OF:

ROYAL BANK OF CANADA, a chartered bank pursuant to the *Bank Act* (Canada) having an office in Calgary, Alberta (hereinafter referred to as the "**Lender**")

WHEREAS the Company has agreed, as part of the security for the repayment of certain credit facilities pursuant to the commitment letter dated November 8, 2011 from the Lender to the Borrower, as such letter may be amended, restated or replaced from time to time (the "**Commitment Letter**"), (the "**Loan**"), to grant unto the Lender an assignment of those certain leases, as amended, and all rents due or accruing due from such leases, (each of which is hereinafter referred to as a "**Lease**", and all of which together are hereinafter referred to as the "**Leases**"), the Leases having been granted with respect to premises located in the building(s) situate on the lands described in Schedule "A" attached (the "**Lands**").

AND WHEREAS the Company has granted, or is granting concurrently herewith, a mortgage (the "**Mortgage**") of the Lands unto the Lender, as amended, supplemented, restated or replaced from time to time, which Mortgage secures repayment of the Loan;

AND WHEREAS it is a condition precedent to the advance by the Lender to the Company of the whole or any portion of the proceeds of the Loan, that the Company assigns the Leases unto the Lender;

1. **NOW THEREFORE** in consideration of the premises and the sum of ONE DOLLAR (\$1.00) now paid by the Lender to the Company (the receipt whereof the Company hereby acknowledges), and of the Lender advancing the whole or any part of the Loan, the Company does hereby irrevocably assign, grant, transfer and set over unto the Lender the Leases and all the Company's right, title estate and interest in and to each of the Leases, together with any amendments, extensions and renewals thereof and any guarantees of the obligations of the tenants thereunder and the rents payable thereunder and all benefits and advantages to be derived therefrom, and together also with the full benefit of all powers and of all covenants and provisos contained in the Leases to hold the same unto the Lender, its successors and assigns according to the nature and tenor thereof, subject nevertheless to the proviso for re-assignment next hereinafter mentioned; and the Company, for the purposes aforesaid, does hereby nominate, constitute and appoint the Lender its attorney, with full power and authority either in the Lender's name or in the name of the Company, its successors and assigns, to enforce the covenants, provisos and conditions set forth in the Leases; provided always that if the Loan is repaid in full to the Lender, then the Lender shall, at the request and the cost of the Company, re-assign the Leases to the Company or as the Company shall direct.
2. For the consideration aforesaid the Company hereby covenants and agrees with the Lender as follows:

- (a) that the Leases are valid, subsisting and in good standing, and that no rentals thereunder have been collected or paid in advance of due date except in accordance with the terms of the Leases, and that there has been no modification, change or extension of the Leases except in writing as fully disclosed to the Lender;
- (b) that the Company is absolutely and solely entitled to all rents, profits and landlord's rights and privileges under the Leases, and has made no assignment thereof other than by these presents;
- (c) that the Company shall not, without the prior consent in writing of the Lender, any time hereafter demand or accept payment of rent under any of the Leases more than one (1) calendar month in advance, except to the extent provided for in the Leases;
- (d) that without the prior consent in writing of the Lender, the Company shall not permit or suffer any modification, surrender, termination, cancellation, or amendment of the Leases or any provision thereof, or any assignment, transfer, mortgage or charge of the tenant's interests thereunder; and
- (e) that any default by the Company in the performance of any agreement or proviso herein contained shall constitute and be deemed to be a default under the Mortgage entitling the Lender to all rights and remedies therein contained.

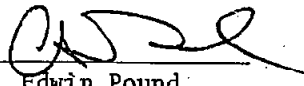
3. The Company understands and acknowledges that these presents are and are intended to be an absolute, present and unconditional assignment (subject nevertheless to the proviso for re-assignment as hereinbefore provided) and that the Lender may as soon after the execution of these presents as is practicable, serve on each and every tenant under the Leases, a notice with regard to this assignment and the disposition of future rents under the Leases, and that this assignment is and shall constitute a security for the repayment of the Loan. For the consideration aforesaid and in further consideration of the Lender directing each and every tenant under the Leases, to continue to pay to the Company, as agent for the Lender until a breach on the part of the Company shall occur (whether under these presents or the Mortgage or of any of the Company's obligations to the Lender under any other security however constituted), the rentals and other monies due under the Leases, the Company hereby covenants and agrees with the Lender:

- (a) that upon the Lender at its unfettered discretion being of the opinion that a breach as aforesaid has occurred and thereafter serving on any or all tenants under the Leases, notice in writing requiring such tenant or tenants to thereafter pay the rents and other monies due under that tenant's Lease, to the Lender, the Company shall cause payment to the Lender of the rentals and other monies, and no tenant shall be obliged to inquire as to the Lender's right thereto, and the Company hereby acknowledges that any and all payments which may be effected by a tenant pursuant to any such notice, shall to the extent of any such payment, operate as a discharge to each such tenant of and in respect of rent or other monies due and payable under that tenant's Lease;
- (b) that the Lender shall not, by reason of these presents or otherwise, be responsible for the collection of the rents or other sums payable under the Leases or renewals thereof or leases in substitution for the Leases, or for the non-performance of the covenants and provisos contained in the Leases, but that the Lender shall be accountable only for monies actually received; and

- (c) that the Lender shall not by virtue of the execution of these presents, be deemed a mortgagee in possession, and neither the taking of this assignment by the Lender nor anything done in pursuance hereof shall make the Lender liable in any way as landlord or otherwise for the performance of any covenants, obligations, or liabilities under the Leases.
4. All rights and powers of the Lender shall enure to its benefit and that of its successors and assigns, and all agreements herein shall bind the Company, its successors and assigns.
5. Wherever the singular number or the masculine gender is used in this Assignment the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this Assignment is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Assignment shall be jointly and severally bound by the covenants, agreements, stipulations and provisos herein stated which shall be in addition to those granted or implied by statute.
6. This Assignment shall be governed by the laws of the Province of Alberta.

IN WITNESS WHEREOF the Company has executed this Assignment under seal by its duly authorized officers on the date first above noted.

MTK PROPERTIES LTD.

Per: 

Name: Edwin Pound
Title: Secretary

SCHEDULE "A"

THE LANDS

PLAN 0810892

BLOCK 5

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 0.812 HECTARES (2.01 ACRES) MORE OR LESS

APPENDIX "1"

SPECIFIC ASSIGNMENT OF LEASES

Dated: January 11, 2012

TO: ROYAL BANK OF CANADA
(the "Mortgagee")

WHEREAS:

- A. MTK PROPERTIES LTD. (the "Mortgagor") is, or is entitled to become, the legal and beneficial owner of those certain parcels of land and premises (the "Lands") situate in Alberta and described as follows:

PLAN 0810892

BLOCK 5

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 0.812 HECTARES (2.01 ACRES) MORE OR LESS

- B. The Mortgagor is granting to the Mortgagee a mortgage (the "Mortgage") of the Lands of even date herewith and to be registered against the titles to the Lands to secure, inter alia, payment of the principal sum of FOUR MILLION, NINE HUNDRED THOUSAND DOLLARS (\$4,900,000.00), together with interest thereon and all other monies due thereunder (the "Loan");
- C. The Mortgagor (or a prior registered owner of the Lands) has entered into leases (the "Leases") with respect to the Lands or parts thereof as more particularly set forth on Schedule "A" hereto;
- D. The Mortgagee will not advance the Loan unless these presents are executed;

NOW THEREFORE in consideration of the premises and of the sum of \$1.00 now paid by the Mortgagee to the Mortgagor and other good and valuable consideration, the receipt and sufficiency of which the Mortgagor hereby acknowledges, the Mortgagor hereby covenants and agrees that:

1. The Mortgagor hereby assigns, transfers and sets over to the Mortgagee the Leases and the rents and other payments due or accruing due thereunder, and all other benefit and advantage to be derived therefrom, including the full benefit of all covenants and provisions contained in the Leases, the benefit of all guarantees of payment with respect thereto, the power to amend, modify, extend, cancel or terminate any Lease or accept any surrender thereof and the power to waive any default by a tenant thereunder.
2. The Mortgagor represents and warrants that:
 - (a) each of the Leases is a good, valid and subsisting lease;
 - (b) the Leases have not been amended, modified or extended except as set forth in Schedule "A" and as disclosed to the Mortgagee;

- (c) neither the Mortgagor nor any of the tenants under the Leases are presently in default of any of their obligations thereunder, nor do any of them presently have any dispute with any party thereto;
- (d) the rent payable under each of the Leases has not been demanded, collected, accepted or paid in advance of the time for payment thereof or otherwise than in the manner set forth in such Lease;
- (e) neither the Leases nor the rents payable thereunder are currently subject to any assignment, pledge, hypothecation or other encumbering by the Mortgagor (or any prior registered owner of the Lands), and the Mortgagor is absolutely and solely entitled to such rents; and
- (f) there are no existing or future rights of set-off, assignment, commutation or prepayment with respect to the rents payable under any of the Leases.

3. The Mortgagor covenants and agrees as follows:

- (a) to at all times observe and perform all its obligations under the Leases, and to promptly provide to the Mortgagee on request a true copy of each Lease;
- (b) not to amend, modify, extend, cancel or terminate any Lease or accept any surrender thereof except with the prior written consent of the Mortgagee;
- (c) not to demand, collect or accept any rent payable under any of the Leases more than one month in advance of the time for payment thereof (except to the extent provided for under the Leases), except with prior written consent of the Mortgagee; and
- (d) not to further assign, pledge, hypothecate or otherwise encumber the Leases or the rents payable thereunder.

4. This assignment shall continue as security until the Loan is fully repaid. The giving of this assignment is by way of additional and collateral security for the Loan and not in substitution for or in satisfaction of the Mortgage or of any other collateral security and will not in any way derogate from or delay or prejudice any rights or remedies to which the Mortgagee may be entitled under the Mortgage or under any other security collateral thereto or at law or at equity, and will not in any way prejudice or limit the Mortgagor's obligations under the Mortgage or under any such other security. Default by the Mortgagor under any of the provisions hereof shall constitute a default under the Mortgage.

5. Neither this assignment nor anything contained herein shall bind the Mortgagee to recognize any or all of the Leases nor in any way render the interest of the Mortgagee under the Mortgage subject to any of the Leases. The Mortgagor hereby indemnifies the Mortgagee against and will hold the Mortgagee harmless from any and all liability, loss or damage which the Mortgagee may suffer or incur under any of the Leases and of and from any and all claims and demands whatsoever which may be asserted against the Mortgagee by reason of any alleged obligation or undertaking on its part to perform or discharge any of the terms of any of the Leases and any such liability, loss or damage together with interest thereon at the rate prescribed in the Mortgage shall be secured hereby and by the Mortgage and shall be payable upon demand.

6. The Mortgagor hereby grants to the Mortgagee full power and authority, with or without entry upon the Lands, to enforce the covenants and provisions set forth in the Leases, including the power and authority to demand, collect, sue for, distrain for, recover, receive and give receipts for the rents under the Leases, in the Mortgagee's own name or in the name of and as agent for the Mortgagor, as the Mortgagee may elect, and the Mortgagor hereby grants to the Mortgagee irrevocable authority to join the Mortgagor in any such proceedings or actions, whether judicial or extra-judicial.
7. The parties agree that this Assignment is an actual assignment effective as of the date hereof and that the Mortgagee may at its option, serve on each of the tenants under the Leases a notice with regard to this assignment and the disposition of future rents under the Leases. For the consideration aforesaid and in further consideration of the Mortgagee directing the tenants to continue to pay to the Mortgagor the rentals and other monies due under the Leases on but not prior to accrual until further notices are received from the Mortgagee (which notices, at the Mortgagee's discretion, are to be provided upon a default on the part of the Mortgagor occurring under these presents or under the Mortgage or under any of the Mortgagor's obligations to the Mortgagee under any other security for the Loan), the Mortgagor hereby covenants and agrees with the Mortgagee that upon the Mortgagee in its unfettered discretion being of the opinion that a default as aforesaid has occurred and thereafter serving on the tenants notices in writing requiring such tenants to thereafter pay the rents and other monies due under the Leases to the Mortgagee, the Mortgagor shall cause payment to the Mortgagee of the said rentals and other monies, and none of such tenants (or guarantors or indemnifiers) shall be obliged to inquire as to the Mortgagee's right thereto, and the Mortgagor hereby acknowledges that any and all payments which may be effected by, or on behalf of, a tenant pursuant to any such notices, shall to the extent of any such payment, operate as a discharge of each such tenant of and in respect of rent or other monies due and payable under such Lease. Upon demand made by the Mortgagee on the tenant under any of the Leases or on any person otherwise liable for any of the rents thereunder, such tenant or person shall, and is hereby authorized and directed to pay to or upon the Mortgagee's order, and without any inquiry of any nature, all rents then or thereafter accruing under the Leases, and such demand shall be sufficient authority for the said tenant or person to pay such rents to the Mortgagee, without reference to whether such demand is made in accordance with this agreement.
8. Nothing herein set forth will be deemed to make the Mortgagee responsible for the collection of the rents or for the observance or performance of any of the provisions of the Leases either by the Mortgagor or by any holders of the Leases, or to render the Mortgagee a mortgagee in possession of the Lands or in any way accountable or liable as such, or to impose any obligation on the Mortgagee to take any action or to exercise any remedy on the collection or recovery of the rents or to sell to or enforce the performance of the obligations and liabilities of any person under or in respect of all or any of the Leases.
9. The Mortgagee will be liable to account to the Mortgagor for only such monies as it actually receives in its hands pursuant to this assignment, after deduction of any collection charges, inspection fees, costs as between solicitor and his own client, and other expenses to which the Mortgagee may be put in respect thereof, and the balance of such monies, when so received by the Mortgagee will be applied on account of the Loan.
10. In the event that a proposal or a notice of intention to file a proposal is filed under the Bankruptcy and Insolvency Act (Canada) by a tenant under a Lease, and such tenant thereby seeks to repudiate that Lease:

- (a) all benefits which might otherwise accrue to the Mortgagor as landlord including, without limitation, all monies required to be paid as aforesaid, shall be paid to the Mortgagee, all of which such benefits and monies being hereby assigned to the Mortgagee. All monies so received by the Mortgagee shall, at the Mortgagee's option, either be paid to the Mortgagor in whole or in part (the amounts to be determined at the absolute discretion of the Mortgagee) or be applied on account of the Loan; and
 - (b) all notices which may be given to the Mortgagor as landlord, shall also be given to the Mortgagee, and all right of the Mortgagor as landlord to respond (including the making of any objection or the taking of any other step) with respect to the tenant's proposal or repudiation of the Lease shall be vested in the Mortgagee who shall have the right (but not the obligation), as agent and in the name of the Mortgagor or otherwise, to respond in such manner as to the Mortgagee may seem fit. It is understood and agreed that if the Mortgagee responds as aforesaid, the Mortgagee shall be entitled to prefer its own interests (as mortgagee) over that of the Mortgagor, and the Mortgagor agrees to and does hereby indemnify the Mortgagee against all costs, proceedings, claims and demands which may be made against the Mortgagee in or as a result of the Mortgagee responding as aforesaid.
11. (a) The Mortgagor will execute such further assurances as the Mortgagee may reasonably require from time to time to perfect this assignment.
- (b) Time will be of the essence hereof.
- (c) This assignment will be governed by the laws of the Province of Alberta.
- (d) Where the context so requires all references herein to the singular will be construed to include the plural, the masculine to include the feminine and neuter genders and, where necessary, a body corporate, and vice versa; and in any case where this assignment is executed by more than one party, all provisions hereof shall be construed and taken as against such executing parties as joint and several.
- (e) This assignment will enure to the benefit of and be binding upon the Mortgagor and the Mortgagee and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF this assignment has been executed under seal as of the date first written above.

MTK PROPERTIES LTD.

Per:  (c/s)

Per: _____

SCHEDULE "A"

Name of Tenant

**Date of Lease (and any
amendments or extensions)**

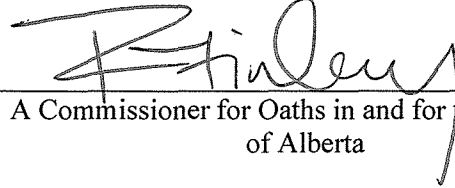
Term of Lease

MCARTHUR FURNITURE
(ALBERTA) LTD.

December 31, 2010

5 years
Commencing January 1, 2011

**THIS IS EXHIBIT "9" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNÉ FINLEY
Barrister and Solicitor



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0015 762 850 8110923;K;2 011 298 692

LEGAL DESCRIPTION
PLAN 8110923
BLOCK K
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;2;24;1;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 831 102 377

REGISTERED OWNER(S)
REGISTRATION DATE(DMY) DOCUMENT TYPE VALUE CONSIDERATION

011 298 692 11/10/2001 TRANSFER OF LAND \$2,500,000 SEE INSTRUMENT

OWNERS

MTK PROPERTIES LTD.
OF 67 GLENBROOK PLACE SW
CALGARY
ALBERTA T3E 6W4

ENCUMBRANCES, LIENS & INTERESTS
REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

811 143 982 29/07/1981 RESTRICTIVE COVENANT
811 143 983 29/07/1981 AGREEMENT
 "RESTRICTIVE COVENANT AND EASEMENT"
811 143 984 29/07/1981 UTILITY RIGHT OF WAY
 GRANTEE - THE CITY OF CALGARY.
 AS TO PORTION OR PLAN:8110924
811 143 985 29/07/1981 RESTRICTIVE COVENANT

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

011 298 692

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
811 159 631	24/08/1981	RESTRICTIVE COVENANT
811 213 583	16/11/1981	EASEMENT AS TO PORTION OR PLAN:8110923 "E. 9 M. SUBJECT TO, IN FAVOUR OF, L 1, BK"
861 166 009	08/10/1986	ORDER AFFECTS INSTRUMENT: 811143982 "JUDGES ORDER MODIFYING AND AMENDING"
121 012 134	13/01/2012	MORTGAGE MORTGAGEE - ROYAL BANK OF CANADA. 180 WELLINGTON STREET WEST,3RD FLOOR TORONTO ONTARIO M5J1J1 ORIGINAL PRINCIPAL AMOUNT: \$4,900,000
121 012 135	13/01/2012	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - ROYAL BANK OF CANADA. 180 WELLINGTON STREET WEST,3RD FLOOR TORONTO ONTARIO M5J1J1 AGENT - ANNETTE J M LAMBERT
121 012 136	13/01/2012	CAVEAT RE : LEASE INTEREST CAVEATOR - ROYAL BANK OF CANADA. 180 WELLINGTON STREET WEST,3RD FLOOR TORONTO ONTARIO M5J1J1 AGENT - ANNETTE J M LAMBERT
151 128 516	22/05/2015	CAVEAT RE : LEASE INTEREST CAVEATOR - TM MOBILE INC. 200 CONSILIUM PLACE SUITE 1600 SCARBOROUGH ONTARIO M1H3J3
161 076 608	30/03/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - 572843 ALBERTA LTD. 1603-43RD STREET SW CALGARY ALBERTA T3C2A5 AGENT - ANTON Q SUBERLAK
171 051 247	02/03/2017	CAVEAT

(CONTINUED)

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
--------	--------------	-------------

RE : LEASE INTEREST
CAVEATOR - TM MOBILE INC.
C/O TELUS
200 CONSILIUM PLACE SUITE 1600
SCARBOROUGH
ONTARIO M1H3J3

191 105 546 04/06/2019 CAVEAT

RE : ENCROACHMENT AGREEMENT PURSUANT TO MUNICIPAL
GOVERNMENT ACT
CAVEATOR - THE CITY OF CALGARY.
DEPUTY CITY MANAGER
12 FLOOR, MUNICIPAL BUILDING
800 MACLEOD TRAIL SE
CALGARY
ALBERTA T2P2M5
AGENT - GURPREET DHILLON

TOTAL INSTRUMENTS: 014

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 6 DAY OF
JANUARY, 2020 AT 08:52 A.M.

ORDER NUMBER: 38589325

CUSTOMER FILE NUMBER:

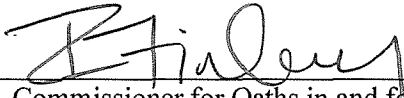


END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

**THIS IS EXHIBIT "10" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0033 068 446 0810892;5;1 081 380 103

LEGAL DESCRIPTION
PLAN 0810892
BLOCK 5
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.812 HECTARES (2.01 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;27;13;SE

MUNICIPALITY: CITY OF AIRDRIE

REFERENCE NUMBER: 081 069 208 +18

REGISTERED OWNER(S)
REGISTRATION DATE(DMY) DOCUMENT TYPE VALUE CONSIDERATION

081 380 103 08/10/2008 TRANSFER OF LAND \$1,306,750 \$1,306,750

OWNERS

MTK PROPERTIES LTD.
OF 67 GLENBROOK PLACE SW
CALGARY
ALBERTA T3E 6W4

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

031 108 970 04/04/2003 RESTRICTIVE COVENANT

081 068 856 22/02/2008 CAVEAT
RE : SEE CAVEAT
CAVEATOR - THE CITY OF AIRDRIE.
400 MAIN STREET
AIRDRIE
ALBERTA T4B3C3

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

081 380 103

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
081 069 210	22/02/2008	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF AIRDRIE. AS TO PORTION OR PLAN:0810893
081 191 982	27/05/2008	RESTRICTIVE COVENANT
081 191 983	27/05/2008	RESTRICTIVE COVENANT
081 191 984	27/05/2008	RESTRICTIVE COVENANT
121 012 117	13/01/2012	MORTGAGE MORTGAGEE - ROYAL BANK OF CANADA. 180 WELLINGTON STREET WEST,3RD FLOOR TORONTO ONTARIO M5J1J1 ORIGINAL PRINCIPAL AMOUNT: \$4,900,000
121 012 118	13/01/2012	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - ROYAL BANK OF CANADA. 180 WELLINGTON STREET WEST,3RD FLOOR TORONTO ONTARIO M5J1J1 AGENT - ANNETTE J M LAMBERT
121 012 119	13/01/2012	CAVEAT RE : LEASE INTEREST CAVEATOR - ROYAL BANK OF CANADA. 180 WELLINGTON STREET WEST,3RD FLOOR TORONTO ONTARIO M5J1J1 AGENT - ANNETTE J M LAMBERT
161 076 608	30/03/2016	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR - 572843 ALBERTA LTD. 1603-43RD STREET SW CALGARY ALBERTA T3C2A5 AGENT - ANTON Q SUBERLAK

TOTAL INSTRUMENTS: 010

(CONTINUED)

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 6 DAY OF
JANUARY, 2020 AT 09:25 A.M.

ORDER NUMBER: 38589776

CUSTOMER FILE NUMBER:

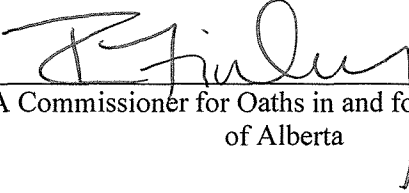


END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

**THIS IS EXHIBIT "11" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

Search ID #: Z12276505

Transmitting Party

ELDOR-WAL REGISTRATIONS (1987) LTD.

1200, 10123 99 st NW
EDMONTON, AB T5J 3H1

Party Code: 50073881

Phone #: 780 429 5969

Reference #:

Search ID #: Z12276505

Date of Search: 2020-Jan-06

Time of Search: 08:48:55

Business Debtor Search For:

MTK PROPERTIES LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z12276505

Business Debtor Search For:

MTK PROPERTIES LTD.

Search ID #: Z12276505

Date of Search: 2020-Jan-06

Time of Search: 08:48:55

Registration Number: 05011301164

Registration Type: LAND CHARGE

Registration Date: 2005-Jan-13

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Amendments to Registration

08122305354

Amendment

2008-Dec-23

Debtor(s)

Block

Status

Current

1 MTK PROPERTIES LTD.
67 GLENBROOK PLACE SW
CALGARY, AB T3E 6W4

Secured Party / Parties

Block

Status

Current

1 SISSONS GRANDCHILDRENS TRUST
10110, 555 ELBOW DRIVE SW
CALGARY, AB T2V 1H7

Particulars

Block

Other Changes

Status

1 This registration is being postponed and subordinated to the security interest of registration numbers 08120510888, 08120511028 and 08122229571 of Canadian Western Bank of Canada. Current By 08122305354

Search ID #: Z12276505

Business Debtor Search For:

MTK PROPERTIES LTD.

Search ID #: Z12276505

Date of Search: 2020-Jan-06

Time of Search: 08:48:55

Registration Number: 16031423759

Registration Date: 2016-Mar-14

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2036-Mar-14 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

1 MTK PROPERTIES LTD.
67 GLENBROOK PLACE SW
CALGARY, AB T3E 6W4

Current

Secured Party / Parties**Block****Status**

1 572843 ALBERTA LTD.
1603 - 43 STREET SW
CALGARY, AB T3C 2A5

Current

Collateral: General**Block****Description****Status**

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY

Current

2 ALL ACCOUNTS RECEIVABLE, INVENTORY, EQUIPMENT AND MACHINERY, REAL
PROPERTY, CHATTEL PAPER, DOCUMENTS OF TITLE, SECURITIES AND
INSTRUMENTS, INTANGIBLES, MONEY, BOOKS AND RECORDS AND PROCEEDS

Current

Search ID #: Z12276505

Business Debtor Search For:

MTK PROPERTIES LTD.

Search ID #: Z12276505

Date of Search: 2020-Jan-06

Time of Search: 08:48:55

Registration Number: 17102325538

Registration Date: 2017-Oct-23

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2022-Oct-23 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

1 MTK PROPERTIES LTD.
67 GLENBROOK PLACE S.W.
CALGARY, AB T3E 6W4

Current

Secured Party / Parties**Block****Status**

1 ROYAL BANK OF CANADA
36 YORK MILLS ROAD, 4TH FLOOR
TORONTO, ON M2P 0A4

Current

Collateral: General**Block****Description****Status**

1	ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF EVERY	Current
2	TYPE OR KIND (INCLUDING BUT NOT LIMITED TO ACCOUNTS , CHATTEL	Current
3	PAPER, DOCUMENTS OF TITLE, EQUIPMENT, INVENTORY,	Current
4	INSTRUMENTS, INTANGIBLES, MONEY, SECURITIES AND INVESTMENT	Current
5	PROPERTY) OF THE DEBTOR AND NOW OR HEREAFTER SITUATE ON,	Current
6	USED IN CONNECTION WITH OR ARISING FROM THE BUSINESS OR	Current
7	AFFAIRS CARRIED ON, AT OR ABOUT THE REAL PROPERTY MUNICIPALLY	Current
8	KNOWN AS 141 GATEWAY DRIVE N.E., AIRDRIE, ALBERTA, LEGALLY	Current
9	DESCRIBED AS:	Current
10	PLAN 0810892	Current
11	BLOCK 5	Current

Search ID #: Z12276505

12	LOT 1	Current
13	EXCEPTING THEREOUT ALL MINES AND MINERAL	Current
14	AREA: 0.812 HECTARES (2.01 ACRES) MORE OR LESS	Current
15	(OR ANY OTHER DESCRIPTION BY WHICH SUCH REAL PROPERTY MAY BE	Current
16	DESCRIBED, WHETHER BY RE-DIVISION SUBDIVISION ,	Current
17	CONDONMINIUMIZATION OR OTHERWISE) AND IN AND TO ALL DEEDS,	Current
18	DOCUMENTS, WRITINGS, PAPER AND BOOKS RELATING THERETO AND	Current
19	ALL CONTRACTUAL RIGHTS AND INSURANCE CLAIMS RELATING THERE	Current
20	TO.	Current
21	PROCEEDS: ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF	Current
22	EVERY TYPE OR KIND (INCLUDING BUT NOT LIMITED TO ACCOUNTS,	Current
23	CHATTEL PAPERS, DOCUMENTS OF TITLE, EQUIPMENT, INVENTORY,	Current
24	INSTRUMENTS, INTANGIBLES, MONEY, SECURITIES OR INVESTMENT	Current
25	PROPERTY) THAT MAY BE DERIVED FROM THE SALE OR OTHER	Current
26	DISPOSITION OF THE COLLATERAL DESCRIPED ABOVE AND ANY	Current
27	PROCEEDS THEREOF.	Current
28	EXPIRED REG#11122315454 DTD. DEC. 23, 2011	Current

Search ID #: Z12276505

Business Debtor Search For:

MTK PROPERTIES LTD.

Search ID #: Z12276505

Date of Search: 2020-Jan-06

Time of Search: 08:48:55

Registration Number: 17102326074

Registration Date: 2017-Oct-23

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2022-Oct-23 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)**Block****Status**

1 MTK PROPERTIES LTD.
67 GLENBROOK PLACE S.W.
CALGARY, AB T3E 6W4

Current

Secured Party / Parties**Block****Status**

1 ROYAL BANK OF CANADA
36 YORK MILLS ROAD, 4TH FLOOR
TORONTO, ON M2P 0A4

Current

Collateral: General**Block****Description****Status**

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF EVERY
2 TYPE OR KIND (INCLUDING BUT NOT LIMITED TO ACCOUNTS , CHATTEL
3 PAPER, DOCUMENTS OF TITLE, EQUIPMENT, INVENTORY,
4 INSTRUMENTS, INTANGIBLES, MONEY, SECURITIES AND INVESTMENT
5 PROPERTY) OF THE DEBTOR AND NOW OR HEREAFTER SITUATION ON,
6 USED IN CONNECTION WITH OR ARISING FROM THE BUSINESS OR
7 AFFAIRS CARRIED ON, AT OR ABOUT THE REAL PROPERTY MUNICIPALLY
8 KNOWN AS 67 GLENBROOK PLACE S. W., CALGARY, ALBERTA,
9 LEGALLY DESCRIBED AS:
10 PLAN 8110923
11 BLOCK K

Current

Current

Current

Current

Current

Current

Current

Current

Current

Current

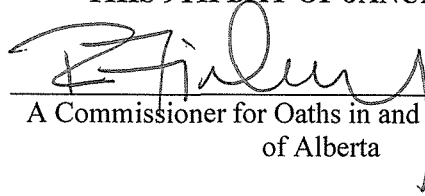
Current

Search ID #: Z12276505

12	LOT 2	Current
13	EXCEPTING THEREOUT ALL MINES AND MINERAL	Current
14	(OR ANY OTHER DESCRIPTION BY WHICH SUCH REAL PROPERTY MAY BE	Current
15	DESCRIBED, WHETHER BY RE-DIVISION SUBDIVISION ,	Current
16	CONDONMINIUMIZATION OR OTHERWISE) AND IN AND TO ALL DEEDS,	Current
17	DOCUMENTS, WRITINGS, PAPER AND BOOKS RELATING THERETO AND	Current
18	ALL CONTRACTUAL RIGHTS AND INSURANCE CLAIMS RELATING THERE	Current
19	TO.	Current
20	PROCEEDS: ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF	Current
21	EVERY TYPE OR KIND (INCLUDING BUT NOT LIMITED TO ACCOUNTS,	Current
22	CHATTEL PAPERS, DOCUMENTS OF TITLE, EQUIPMENT, INVENTORY,	Current
23	INSTRUMENTS, INTANGIBLES, MONEY, SECURITIES OR INVESTMENT	Current
24	PROPERTY) THAT MAY BE DERIVED FROM THE SALE OR OTHER	Current
25	DISPOSITION OF THE COLLATERAL DESCRIPED ABOVE AND ANY	Current
26	PROCEEDS THEREOF.	Current
27	EXPIRED REG#11122315379 DTD. DEC. 23, 2016	Current

Result Complete

**THIS IS EXHIBIT "12" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

VIA EMAIL AND COURIER

October 11, 2018

McArthur Furniture (Alberta) Ltd.
900, 332 6th Avenue SW
Calgary, AB T2P 0B2

theresapound@mcarthurfurniture.com
robertpound@mcarthurfurniture.com

Dear Sir/Madam:

Re: Royal Bank of Canada re: McArthur Furniture (Alberta) Ltd. ("McArthur") and MTK Properties Ltd. ("MTK")

We are counsel to Royal Bank of Canada ("**RBC**") in connection with a commitment letter in respect of a mortgage loan on the 67 Glenbrook Place SW Calgary property (the "**Glenbrook Property**"), as amended from time to time (the "**Glenbrook Commitment Letter**") and in connection with a commitment letter in respect of a mortgage loan on the 141 Gateway Drive NE Airdrie property (the "**Airdrie Property**"), as amended from time to time (the "**Airdrie Commitment Letter**") both between RBC and MTK and both dated November 8, 2011.

MTK is in default of its obligations to RBC and RBC has today demanded repayment from MTK in the amount of CAD\$7,443,045.38 as of October 2, 2018, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**Indebtedness**"). McArthur has guaranteed repayment of the Indebtedness in the amount of \$675,000 in respect of the Glenbrook Commitment Letter and \$675,000 in respect of the Airdrie Commitment Letter. Accordingly, RBC hereby demands repayment of the Indebtedness from McArthur in the amount of CAD\$1,350,000 together with interest after the date hereof and any legal costs and expenses incurred in aid of recovery.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

Royal Bank of Canada
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, AB T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on October 23, 2018, RBC will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon you a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy*

9274456.1

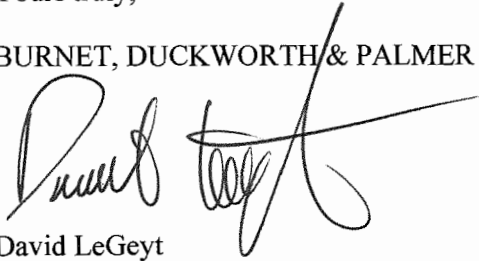
and *Insolvency Act* (Canada). If McArthur is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that RBC reserves the right to proceed against McArthur: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in black ink, appearing to read 'David LeGeyt', with a long horizontal flourish extending to the right.

David LeGeyt

DLG/amc

Encl.

cc: Marlene Starenky

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: McArthur Furniture (Alberta) Ltd., an insolvent person (the "**Debtor**")

TAKE NOTICE THAT:

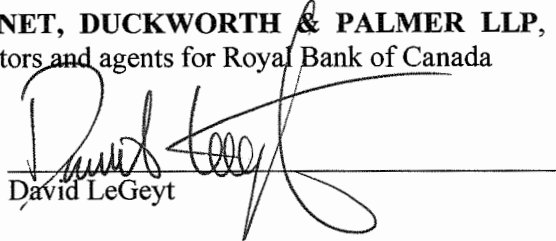
1. Royal Bank of Canada ("**RBC**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral,
2. The security that is to be enforced is in the form of a guarantee made in respect of the Glenbrook Property and granted to RBC by the Debtor, a guarantee made in respect of the Airdrie Property and granted to RBC by the Debtor, and a General Security Agreement granted to RBC by the Debtor (the "**Security**").
3. The total amount of indebtedness secured by the Security is the sum of CAD\$1,350,000.00, plus all accrued and accruing interest and legal costs.

RBC will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 11th day of October, 2018.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Royal Bank of Canada

Per:


David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by RBC of the Security referred to herein.

DATED this _____ day of _____, 2018.

MCARTHUR FURNITURE (ALBERTA) LTD.

Per: _____

VIA EMAIL AND COURIER

October 11, 2018

McArthur Furniture (Alberta) Ltd.
900, 332 6th Avenue SW
Calgary, AB T2P 0B2

theresapound@mcarthurfurniture.com
robertpound@mcarthurfurniture.com

Dear Sir/Madam:

Re: Royal Bank of Canada re: McArthur Furniture (Alberta) Ltd ("McArthur")

We are counsel to Royal Bank of Canada ("**RBC**") in connection with a credit facility dated November 8, 2011 between RBC and McArthur, as amended from time to time (the "**Loan Agreement**"). Reference is also made to a general security agreement dated January 11, 2012 (the "**Security**").

McArthur is in default of the Loan Agreement and the Security, and all amounts owing to RBC under the Loan Agreement and Security are immediately due and payable. The defaults of McArthur include (i) a failure to make scheduled payments to RBC in accordance with the Loan Agreement, (ii) there has been a material adverse change to McArthur's financial position, (iii) RBC considers itself insecure, (iv) the ability of McArthur to repay the indebtedness owing to RBC is, or is about to be, impaired, and (v) the loans have matured.

On behalf of RBC, we hereby demand repayment of all amounts due and owing by McArthur to RBC under the Loan Agreement and Security, namely the amount of CAD\$1,071,823.22 as of October 2, 2018, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**Indebtedness**").

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by RBC for which McArthur will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Royal Bank of Canada
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, AB T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on October 23, 2018, RBC will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon you a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you are prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

9273314.2

For your information, demands will be issued on the guarantors in respect of McArthur's indebtedness.

Please note that RBC reserves the right to proceed against McArthur: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in black ink, appearing to read "David LeGeyt", with a long horizontal stroke extending to the right.

David LeGeyt

DLG/amc

Encl.

cc: Marlene Starenky

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: McArthur Furniture (Alberta) Ltd, an insolvent person (the "**Debtor**")

TAKE NOTICE THAT:

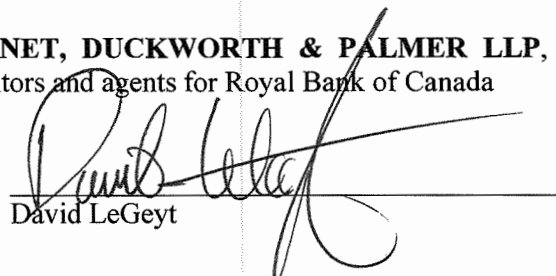
1. Royal Bank of Canada ("**RBC**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral,
2. The security that is to be enforced is in the form of a General Security Agreement dated January 11, 2012 between RBC and McArthur (the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of October 2, 2018, the sum of CAD\$1,071,823.22, plus all accrued and accruing interest and legal costs.

RBC will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 11th day of October, 2018.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Royal Bank of Canada

Per:


David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by RBC of the Security referred to herein.

DATED this _____ day of _____, 2018.

MCARTHUR FURNITURE (ALBERTA) LTD

Per: _____

Name:

Title:

VIA EMAIL AND COURIER

October 11, 2018

MTK Properties Ltd.
900, 332 6th Avenue SW
Calgary, AB T2P 0B2

theresapound@mcarthurfurniture.com
robertpound@mcarthurfurniture.com

Dear Sir/Madam:

Re: Royal Bank of Canada re: MTK Properties Ltd. ("MTK")

We are counsel to Royal Bank of Canada ("RBC") in connection with a commitment letter in respect of a mortgage loan on the 67 Glenbrook Place SW Calgary property (the "**Glenbrook Property**"), as amended from time to time (the "**Glenbrook Commitment Letter**"), and in connection with a commitment letter in respect of a mortgage loan on the 141 Gateway Drive NE Airdrie property (the "**Airdrie Property**"), as amended from time to time (the "**Airdrie Commitment Letter**"), both between RBC and MTK and both dated November 8, 2011 (the Glenbrook Commitment Letter and the Airdrie Commitment Letter, together the "**Loan Agreements**"). Reference is also made to a mortgage on the Glenbrook Property, a general assignment of rents and leases from the Glenbrook Property, a site specific security agreement on the Glenbrook Property, a specific assignment of the McArthur Furniture (Alberta) Ltd lease of the Glenbrook Property, as well as a mortgage on the Airdrie Property, a general assignment of rents and leases from the Airdrie Property, a site specific security agreement on the Airdrie Property and a specific assignment of the McArthur Furniture (Alberta) Ltd lease of the Airdrie Property (the foregoing referred to as the "**Security**").

MTK is in default of the Loan Agreements and the Security, and all amounts owing to RBC under the Loan Agreements and Security are immediately due and payable. The defaults of MTK include (i) a failure to make scheduled payments to RBC in accordance with the Loan Agreement, (ii) there has been a material adverse change to MTK's financial position, (iii) RBC considers itself insecure, (iv) the ability of MTK to repay the indebtedness owing to RBC is, or is about to be, impaired, and (v) the loans have matured.

On behalf of RBC, we hereby demand repayment of all amounts due and owing by MTK to RBC under the Loan Agreements and Security, namely the amount of CAD\$7,443,045.38 as of October 2, 2018, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**Indebtedness**").

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by RBC for which MTK will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Royal Bank of Canada
c/o Burnet, Duckworth & Palmer LLP

9273738.1

2400, 525-8th Avenue SW
Calgary, AB T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on October 23, 2018, RBC will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon you a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you are prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

For your information, demands will be issued on the guarantors in respect of MTK's indebtedness.

Please note that RBC reserves the right to proceed against MTK: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in black ink, appearing to read 'David LeGeyt', is written over the printed name.

David LeGeyt

DLG/amc

Encl.

cc: Marlene Starenky

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: MTK Properties Ltd., an insolvent person (the "**Debtor**")

TAKE NOTICE THAT:

1. Royal Bank of Canada ("**RBC**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral,
2. The security that is to be enforced is in the form of a mortgage on 67 Glenbrook Place SW, Calgary AB (the "**Glenbrook Property**"), a general assignment of rents and leases from the Glenbrook Property, a site specific security agreement on the Glenbrook Property, a specific assignment of the McArthur Furniture (Alberta) Ltd lease of the Glenbrook Property, as well as a mortgage on 141 Gateway Drive NE, Airdrie AB (the "**Airdrie Property**"), a general assignment of rents and leases from the Airdrie Property, a site specific security agreement on the Airdrie Property and a specific assignment of the McArthur Furniture (Alberta) Ltd lease of the Airdrie Property (the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of October 2, 2018, the sum of CAD\$7,443,045.38, plus all accrued and accruing interest and legal costs.

RBC will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 11th day of October, 2018.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Royal Bank of Canada

Per: _____

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by RBC of the Security referred to herein.

DATED this _____ day of _____, 2018.

MTK PROPERTIES LTD.

Per: _____

Name:

Title:

VIA EMAIL AND COURIER

October 11, 2018

MTK Properties Ltd.
900, 332 6th Avenue SW
Calgary, AB T2P 0B2

theresapound@mcarthurfurniture.com
robertpound@mcarthurfurniture.com

Dear Sir/Madam:

Re: Royal Bank of Canada re: McArthur Furniture (Alberta) Ltd ("McArthur")

We are counsel to Royal Bank of Canada ("RBC") in connection with a credit facility dated November 8, 2011 between RBC and McArthur, as amended from time to time.

McArthur is in default of its obligations to RBC and RBC has today demanded repayment from McArthur in the amount of CAD\$1,071,823.22 as of October 2, 2018, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**Indebtedness**"). MTK has guaranteed repayment of the Indebtedness in the amount of \$1,150,000. Accordingly, RBC hereby demands repayment of the Indebtedness from MTK in the amount of CAD\$1,071,823.22 together with interest after the date hereof and any legal costs and expenses incurred in aid of recovery.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

Royal Bank of Canada
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, AB T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on October 23, 2018, RBC will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon you a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If MTK is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

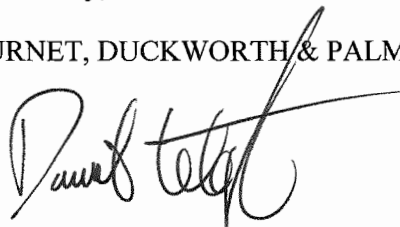
Please note that RBC reserves the right to proceed against MTK: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

9274392.1

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in black ink, appearing to read "David LeGeyt", with a long, sweeping horizontal line extending from the end of the signature.

David LeGeyt

DLG/amc

Encl.

cc: Marlene Starenky

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: MTK Properties Ltd., an insolvent person (the "**Debtor**")

TAKE NOTICE THAT:

1. Royal Bank of Canada ("**RBC**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral,
2. The security that is to be enforced is in the form of a mortgage on 67 Glenbrook Place SW, Calgary AB (the "**Glenbrook Property**"), a general assignment of rents and leases from the Glenbrook Property, a site specific security agreement on the Glenbrook Property, a specific assignment of the McArthur Furniture (Alberta) Ltd lease of the Glenbrook Property, as well as a mortgage on 141 Gateway Drive NE, Airdrie AB (the "**Airdrie Property**"), a general assignment of rents and leases from the Airdrie Property, a site specific security agreement on the Airdrie Property and a specific assignment of the McArthur Furniture (Alberta) Ltd lease of the Airdrie Property (the "**Security**").
3. The total amount of indebtedness secured by the Security is the sum of CAD\$1,071,823.22 as of October 2, 2018, plus all accrued and accruing interest and legal costs.

RBC will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 11th day of October, 2018.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Royal Bank of Canada

Per: _____

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by RBC of the Security referred to herein.

DATED this _____ day of _____, 2018.

MTK PROPERTIES LTD.

Per: _____

VIA EMAIL

October 11, 2018

theresapound@mcarthurfurniture.com

Attention: Theresa Pound

Dear Madam:

Re: Royal Bank of Canada re: McArthur Furniture (Alberta) Ltd ("McArthur") and MTK Properties Ltd. ("MTK")

We are counsel to Royal Bank of Canada ("**RBC**") in connection with a credit facility dated November 8, 2011 between RBC and McArthur, as amended from time to time, in connection with a commitment letter in respect of a mortgage loan on the 67 Glenbrook Place SW Calgary property, as amended from time to time (the "**Glenbrook Commitment Letter**"), and a commitment letter in respect of a mortgage loan on the 141 Gateway Drive NE Airdrie property, as amended from time to time (the "**Airdrie Commitment Letter**") both between RBC and MTK and both dated November 8, 2011.

McArthur and MTK are both in default of each of their obligations to RBC and RBC has today demanded repayment from McArthur in the amount of CAD\$1,071,823.22 as of October 2, 2018, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**McArthur Indebtedness**") and repayment from MTK in the amount of CAD\$7,443,045.38 as of October 2, 2018, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**MTK Indebtedness**"). You have guaranteed repayment of the McArthur Indebtedness in the amount of \$375,000 and the MTK Indebtedness in the amount of \$187,500 for the Glenbrook Commitment Letter and \$187,500 for the Airdrie Commitment Letter. Accordingly, RBC hereby demands repayment of these amounts from you in the amount of CAD\$750,000.00 together with interest after the date hereof and any legal costs and expenses incurred in aid of recovery.

The McArthur Indebtedness and the MTK Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

Royal Bank of Canada
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, AB T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on October 23, 2018, RBC will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon you a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy*

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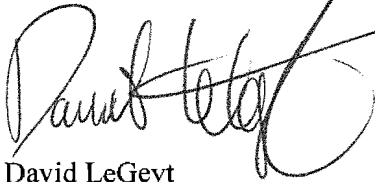
and Insolvency Act (Canada). If you are prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that RBC reserves the right to proceed against you: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in black ink, appearing to read 'David LeGeyt', is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David LeGeyt

DLG/amc

Encl.

cc: Marlene Starenky

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Theresa Pound, an insolvent person (the "**Debtor**")

TAKE NOTICE THAT:

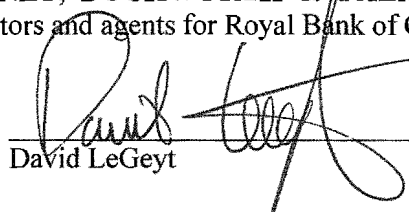
1. Royal Bank of Canada ("**RBC**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral,
2. The security that is to be enforced is in the form of a guarantee of mortgage for the Glenbrook Property made January 24, 2012 and granted to RBC by the Debtor, a guarantee of mortgage for the Airdrie Property granted to RBC by the Debtor and a guarantee and postponement of claim made July 16, 2014 and granted to RBC by the Debtor (the "**Security**").
3. The total amount of indebtedness secured by the Security is the sum of CAD\$750,000.00 plus all accrued and accruing interest and legal costs.

RBC will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 11th day of October, 2018.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Royal Bank of Canada

Per:


David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by RBC of the Security referred to herein.

DATED this _____ day of _____, 2018.

Witness

THERESA POUND

VIA EMAIL

October 11, 2018

Edwin.pound@yahoo.com

Attention: Edwin Pound

Dear Mr. Pound:

Re: Royal Bank of Canada re: McArthur Furniture (Alberta) Ltd ("McArthur") and MTK Properties Ltd. ("MTK")

We are counsel to Royal Bank of Canada ("**RBC**") in connection with a credit facility dated November 8, 2011 between RBC and McArthur, as amended from time to time, in connection with a commitment letter in respect of a mortgage loan on the 67 Glenbrook Place SW Calgary property, as amended from time to time (the "**Glenbrook Commitment Letter**"), and in connection with a commitment letter in respect of a mortgage loan on the 141 Gateway Drive NE Airdrie property, as amended from time to time (the "**Airdrie Commitment Letter**") both between RBC and MTK and both dated November 8, 2011.

McArthur and MTK are both in default of each of their obligations to RBC and RBC has today demanded repayment from McArthur in the amount of CAD\$1,071,823.22 as of October 2, 2018, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**McArthur Indebtedness**") and repayment from MTK in the amount of CAD\$7,443,045.38 as of October 2, 2018, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**MTK Indebtedness**"). You have guaranteed repayment of the McArthur Indebtedness in the amount of \$375,000 and the MTK Indebtedness in the amount of \$187,500 for the Glenbrook Commitment Letter and \$187,500 for the Airdrie Commitment Letter. Accordingly, RBC hereby demands repayment of these amounts from you in the amount of CAD\$750,000.00 together with interest after the date hereof and any legal costs and expenses incurred in aid of recovery.

The McArthur Indebtedness and the MTK Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

Royal Bank of Canada
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, AB T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on October 23, 2018, RBC will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon you a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy*

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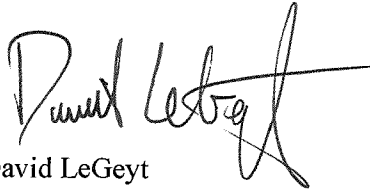
and Insolvency Act (Canada). If you are prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that RBC reserves the right to proceed against you: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in black ink, appearing to read "David LeGeyt", with a long horizontal flourish extending to the right.

David LeGeyt

DLG/amc

Encl.

cc: Marlene Starenky

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Edwin Pound, an insolvent person (the "**Debtor**")

TAKE NOTICE THAT:

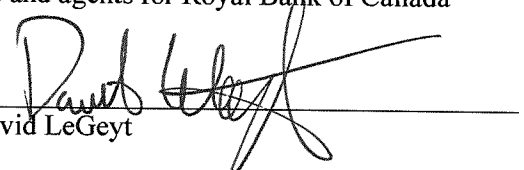
1. Royal Bank of Canada ("**RBC**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral,
2. The security that is to be enforced is in the form of a guarantee of mortgage for the Glenbrook Property made January 24, 2012 and granted to RBC by the Debtor, a guarantee of mortgage for the Airdrie Property granted to RBC by the Debtor and a guarantee and postponement of claim made July 16, 2014 and granted to RBC by the Debtor (the "**Security**").
3. The total amount of indebtedness secured by the Security is the sum of CAD\$750,000.00 plus all accrued and accruing interest and legal costs.

RBC will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 11th day of October, 2018.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Royal Bank of Canada

Per:


David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

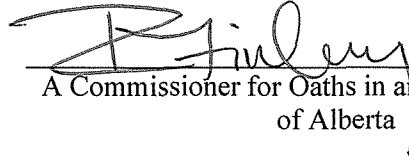
Consents to the immediate enforcement by RBC of the Security referred to herein.

DATED this _____ day of _____, 2018.

Witness

EDWIN POUND

**THIS IS EXHIBIT "13" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

FORBEARANCE AGREEMENT

THIS FORBEARANCE AGREEMENT is made this ____ day of _____, 2018.

BETWEEN:

ROYAL BANK OF CANADA

(hereinafter referred to as "RBC" or the "Lender")

- and -

MCARTHUR FURNITURE (ALBERTA) LTD. ("McArthur")

- and -

MTK PROPERTIES LTD. ("MTK")

(MTK and McArthur together hereinafter referred to as the "Borrowers" and each a "Borrower")

- and -

MCARTHUR

- and -

MTK

- and -

THERESA POUND

- and -

EDWIN POUND

(McArthur and MTK, when referred to in their capacity as guarantor, Theresa Pound and Edwin Pound are hereinafter referred to as the "Guarantors" and each a "Guarantor")

WHEREAS:

- A. RBC has extended credit facilities and related services to the Borrowers as further outlined in a credit facility dated November 8, 2011 between RBC and McArthur, as amended from time to time (the "**McArthur Facility**"), a commitment letter in respect of a mortgage loan to MTK on the 67 Glenbrook Place SW Calgary property (the "**Glenbrook Property**"), as amended from time to time (the "**Glenbrook Commitment Letter**"), and a commitment letter in respect of a mortgage loan to MTK on the 141 Gateway Drive NE Airdrie property (the "**Airdrie Property**"), as amended from time to time (the "**Airdrie Commitment Letter**").
- B. The McArthur Facility is hereinafter referred to as the "**McArthur Loan Agreement**" and the Glenbrook Commitment Letter and the Airdrie Commitment Letter are together collectively referred to as the "**MTK Loan Agreements**" (The McArthur Loan Agreement and the MTK Loan Agreements are together referred to as the "**Loan Agreements**"). The current borrowings under the McArthur Loan Agreement being hereinafter referred to as the "**McArthur Loan**" and the current borrowings under the MTK Loan Agreement being hereinafter referred to as the "**MTK Loan**" (the McArthur Loan and the MTK Loan are together referred to as the "**Loans**").
- C. As security for the Loans and for all other present and future indebtedness, fees, expenses and other liabilities direct or indirect, absolute or contingent, due by the Borrowers to RBC (the "**Obligations**"), the Borrowers granted certain security in favour of RBC, as more particularly described in Schedule "A" (the "**Borrower Security**").
- D. The Loans are in default pursuant to the terms of the Loan Agreements and the Borrower Security.

- E. The Borrowers are in default of the Loan Agreements as described herein and in the demand letters dated October 11, 2018 and attached in Schedule "E" (the "**Demand Letters**").
- F. As further security for the Obligations, the Guarantors have granted guarantees in favour of RBC as more particularly described in Schedule "B" (collectively, the "**Guarantees**").
- G. As security for all of the obligations owed by each Guarantor to RBC, including the Obligations, each Guarantor has granted security in favour of RBC as more particularly set out in Schedule "C" (the "**Guarantor Security**", together with the Borrower Security, the "**Security**").
- H. RBC is prepared to forbear from exercising its rights and remedies and to forbear from enforcing the Security, subject to the terms of this Agreement.
- I. The Borrowers and the Guarantors have agreed to observe all of the provisions of this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by RBC from the Borrowers and the Guarantors and by the Borrowers and the Guarantors from RBC, RBC, the Borrowers and the Guarantors agree as follows:

ARTICLE 1 NO AMENDMENT

- 1.1 Save as expressly provided in this Agreement, nothing in this Agreement is intended to alter, amend, modify or limit the existence or the effectiveness of any agreement between RBC, the Borrowers and the Guarantors, including, without limitation, the Loan Agreements, the Security, the Guarantees, or any agreement evidencing the Loans or detailing their terms. In the event of any conflict between provisions of this Agreement and any provisions of the Loan Agreements or the Security, the provisions of this Agreement shall prevail.

ARTICLE 2 ACKNOWLEDGMENTS

- 2.1 Each Borrower and each Guarantor acknowledge and agree in favour of RBC that:
 - (a) the facts as set out in the recitals and schedules to this Agreement are true and accurate in all respects;
 - (b) the McArthur Loan Agreement has been duly and properly executed and is valid, binding, and enforceable in accordance with its terms;
 - (c) the MTK Loan Agreement has been duly and properly executed and is valid, binding, and enforceable in accordance with its terms;
 - (d) the Guarantees have been duly and properly executed and are valid, binding and enforceable in accordance with their terms;
 - (e) the Security is valid, binding and enforceable in accordance with its terms, and secures repayment and performance of all obligations of the Borrowers and Guarantors to RBC, including without limitation the Obligations and the Indebtedness;

- (f) without limitation, as at the close of business on October 2, 2018, the aggregate amount of the borrowings by McArthur under the McArthur Loan, inclusive of principal and interest, but exclusive of costs, was \$1,071,832.22 (the "**McArthur Indebtedness**") and the aggregate amount of the borrowings by MTK under the MTK Loan, inclusive of principal and interest, but exclusive of costs, was \$7,443,045.38 (the "**MTK Indebtedness**", together with the McArthur Indebtedness, the "**Indebtedness**") and such amounts, together with the balance of the Obligations, remain outstanding to RBC, as more particularly described in Schedule "D";
 - (g) without limitation, except as provided in this Agreement, RBC is in a position to demand repayment of the Indebtedness and the Obligations and enforce all of its rights and remedies, as it may deem appropriate, including the Security; and
 - (h) without limitation, except as provided in this Agreement, RBC (either by itself or through its employees or agents) has made no promises, nor has it taken any action or omitted to take any action, that would constitute a waiver of its rights to enforce the Security and pursue its remedies in respect of the Obligations or that would stop it from so doing.
- 2.2 Each Borrower and Guarantor acknowledges that the Security has not been discharged, varied, waived or altered (except to the extent set out herein) and that the Security is binding upon each of them and is enforceable in accordance with the terms thereof.
- 2.3 Neither Borrower nor any Guarantor disputes in any way its liability to repay the Obligations, including the Loans, on any basis, and acknowledges and agrees that it has no claims for set-off, counterclaim or damages on any basis whatsoever against RBC or any of its directors, officers, employees, representatives and agents.
- 2.4 Each Borrower is in default of its respective Loan Agreement as detailed in the Demand Letters.
- 2.5 Each Borrower and Guarantor acknowledges and agrees that the execution of this Agreement by RBC constitutes a demand by RBC for repayment of the Indebtedness, and in that regard, each of the Borrower and Guarantor acknowledge receipt of the Demand Letters and Notices of Intention to Enforce Security attached hereto as Schedule "E", and further, each of the Borrower and Guarantor hereby consent to the immediate enforcement of the Security pursuant to subsection 244(2) of the *Bankruptcy and Insolvency Act* (Canada).

ARTICLE 3 COVENANTS AND AGREEMENTS

- 3.1 Each Borrower covenants and agrees with RBC:
- (a) to comply with all reporting covenants under the Loan Agreements;
 - (b) to make monthly interest only payments on the Indebtedness;
 - (c) from and after the date of this Agreement they will remit, in accordance with legal requirements: (i) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any province which are required to be deducted from employees' wages, including, without limitation, amounts in respect of employment insurance, Canada Pension Plan and income taxes; (ii) amounts payable by the Borrower in respect of Workers' Compensation, employment insurance, Canada Pension Plan, and income taxes

with respect to employees; and (iii) all goods and services or sales taxes payable by the Borrower;

- (d) all remittances and payments described in the preceding subparagraph are, as of the date hereof, current and in good standing or arrangements have been made to bring such remittances and payments into good standing; and
- (e) they shall provide to RBC, at the request of RBC, a certificate, in form and substance acceptable to RBC, certifying that the remittance and payments described in paragraph 3.1(c) hereof are in good standing as of the date designated in the Lender's request.

3.2 The Borrowers shall carry on their business on a day to day basis in the ordinary course and, in this regard, but without limiting the generality of the foregoing, shall (except with prior written consent of the Lender):

- (a) maintain all of their banking arrangements with the Lender, including without limitation depositing all receipts to, and drawing all disbursements from, the accounts it maintains with the Lender;
- (b) not make any payments or other divestitures in favour of any Guarantor, any shareholder, director, or related party, other than reasonable wages and remuneration currently being paid by the Borrowers;
- (c) refrain from destroying any of their property;
- (d) except with the consent of RBC, the Borrowers shall not incur any short or long term debt, other than in favour of trade creditors in the ordinary course of business, unless such credit is expressly authorized and consented to by RBC and postponed and subordinated to all of the Borrowers' obligations in favour of RBC; and
- (e) not sell, encumber or otherwise dispose of any of their assets except: (i) in the ordinary course of business (ii) in accordance with the provisions of section 3.3 of this Agreement; or (iii) with the consent of the Lender, which consent may be unreasonably withheld. For all asset sales agreed to by the Lender, the Borrowers agree to execute reasonable directions to pay whereby the purchaser of those assets agrees to pay all of the purchase price to the Lender directly in reduction of the amounts owed to the Lender, and a refusal by the Borrowers to execute such direction to pay shall be grounds for the Lender to withhold consent to any asset sale or disposition.

3.3 MTK covenants and agrees:

- (a) to take all steps within its control to complete the sale of the Glenbrook Property for the purchase price of \$5,500,000.00 (the "**Sale of the Glenbrook Property**") to the purchaser pursuant to the Offer to Purchase dated October 12, 2018 and accepted by MTK on October 17, 2018 and thereafter amended by Amending Agreements dated November 15, 2018 and November 23, 2018 (the "**Glenbrook Sale Agreement**"), subject only to the purchaser's conditions provided for in the therein;
- (b) to make best efforts to obtain an offer to purchase for the Airdrie Property that is within 10% of the current list price of \$5,500,000.00; and

- (c) to provide all offers to purchase the Airdrie Property to RBC within three (3) business days of receipt of any such offer to purchase.

3.4 Save and except at expressly provided in this Agreement, the Borrowers and the Guarantors each covenant and agree:

- (a) that there shall be no further defaults under the Loan Agreements or the Security;
- (b) to provide RBC with immediate notice of any defaults of which a Borrower or a Guarantor is aware under the Loan Agreements or the Security;
- (c) that no mediation, bankruptcy, insolvency, debt restructuring, reorganization, readjustment of debt, dissolution, liquidation or other similar proceedings (including, without limitation, proceedings under the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), the *Bankruptcy Code* or other similar federal, provincial or foreign legislation) including, without limitation, the filing of a proposal or plan of arrangement or a notice of intention to file same, or proceedings for the appointment of a trustee, trustee in bankruptcy, interim receiver, receiver, receiver and manager, custodian, guardian, liquidator, provisional liquidator, administrator, sequestrator or other like official with respect to a Borrower or a Guarantor or all or any substantial part of the assets of any of them, or any similar relief shall be commenced by the Borrowers or Guarantors without the consent of RBC; and
- (d) that, without the consent of RBC, no application seeking or extending any stay of proceedings shall occur, which would, in the assessment of RBC, to be determined in its absolute discretion acting reasonably, impact RBC's rights and remedies against any Borrower or Guarantor.

3.5 The Borrowers and Guarantors each covenant and agree to deliver to RBC:

- (a) a Consent Receivership Order in the form attached as Schedule "F" to be held by RBC pursuant to the terms of this Agreement, and agree that RBC may complete any blanks in the Consent Receivership Order in its sole discretion.

3.6 MTK covenants and agrees to deliver to RBC:

- (a) an irrevocable direction to pay the sale proceeds, net of commission and standard closing fees, from the Sale of the Glenbrook Property to RBC;
- (b) an irrevocable direction to pay the Deposit (as defined in the Glenbrook Sale Agreement) to RBC in the event that the Sale of the Glenbrook Property does not close in circumstances where MTK is entitled to retain the Deposit pursuant to the terms of the Glenbrook Sale Agreement; and
- (c) at the request of RBC, an update on the status of and all facts and circumstances relating to the Sale of the Glenbrook Property, including the purchaser's conditions thereunder and the satisfaction or waiver of such conditions.

3.7 The funds received by RBC pursuant to Article 3.6 hereof shall be applied by RBC in reduction of the Indebtedness, until such funds are exhausted, as follows:

- (a) first, in reduction or full repayment of the amounts owing pursuant to the Glenbrook Commitment letter;
- (b) second, in reduction of the amounts owing pursuant to the revolving demand component of the McArthur Facility to \$500,000, and thereafter the revolving demand component of the McArthur Facility shall be capped at a maximum availability of \$500,000; and
- (c) third, the remainder of such funds in reduction of the amount owing pursuant to the Airdrie Commitment letter.

ARTICLE 4 DISCRETION OF LENDER

- 4.1 RBC is not acting in a fiduciary capacity with respect to the Borrowers or any Guarantor. Any exercise of any discretion by or on behalf of RBC shall be final and binding upon each Borrower and each Guarantor and may be exercised by RBC in its best interests, without regard to the interests of any Borrower or any Guarantor.

ARTICLE 5 REPAYMENT OF OBLIGATIONS

- 5.1 Upon and subject to the terms of this Agreement, RBC will extend the time for repayment of the Indebtedness until 5:00pm Calgary time on March 1, 2019 (the "**Forbearance Period**"), on the following basis:
- (a) each Borrower and each Guarantor shall comply with each and every covenant set out in: (i) this Agreement, (ii) the Loan Agreements, (iii) the Guarantees, and (iv) the Security; and
 - (b) concurrent with the execution of this Agreement, the Borrowers shall pay to RBC the 50% of the Forbearance Fee as further outlined in Article 8.2 of this Agreement, with the balance of the Forbearance Fee being added to the Indebtedness for the time being, but paid in full to RBC on March 1, 2019.

ARTICLE 6 REPORTING, ACCESS TO INFORMATION, RETENTION OF CONSULTANTS

- 6.1 Each Borrower and Guarantor covenants and agrees to provide to RBC any and all information concerning their business, trade, operations, finances and any matters relating thereto or in any way connected therewith (other than what may be subject to rules of privilege), as RBC may request.
- 6.2 Each Borrower agrees to allow RBC and its agents access to any of its premises or real property for the purpose of observing, verifying, cataloguing or otherwise recording the nature, extent, location, ownership and any other relevant aspect of their property and operations, and the collateral subject to the Security, forthwith upon request by RBC for such access by RBC or its agents.
- 6.3 Each Borrower and Guarantor agrees and acknowledges that RBC is at liberty to engage such professional advisors, or other individuals or entities as RBC's agents as RBC may determine necessary or desirable, in its sole discretion.

- 6.4 Each Borrower and Guarantor acknowledges and agrees that they will be liable for the payment of the reasonable fees, disbursements and costs of any agents engaged by RBC.
- 6.5 Notwithstanding the foregoing, each Borrower and Guarantor agrees that RBC may pay the reasonable fees, disbursements, and costs of RBC's agents and thereafter debit each Borrower's accounts with RBC, thereby increasing the Indebtedness owing to RBC by the amount of the agent's fees, disbursements and costs, and all such amounts will be added to the aggregate Indebtedness owing by each Borrower to RBC, and will be subject to the Security and the Loan Agreements.

ARTICLE 7 EVENTS OF DEFAULT

- 7.1 Each of the following shall constitute an event of default (an "**Event of Default**") under the terms of this Agreement provided that such event occurs after the date of this Agreement:
- (a) if a Borrower or a Guarantor further default under the Loan Agreements or under the Security;
 - (b) if a Borrower or a Guarantor fail to perform or comply with any of their covenants or obligations contained in this Agreement or in any other agreement or undertaking made between such Borrower or Guarantor and RBC;
 - (c) if either Borrower fails to repay to RBC any amount owing under this Agreement on the applicable due date (for clarity, in the event the Sale of the Glenbrook Property does not close, failure to make the payments contemplated in Articles 3.6(a) and 3.7 shall not constitute a Event of Default);
 - (d) if a Borrower or a Guarantor fails to provide any reports, certificates, information or materials required to be supplied pursuant to the Security or this Agreement;
 - (e) if any representation or warranty provided to RBC by a Borrower or a Guarantor in the Loan Agreements, the Security, any of the Guarantees or this Agreement was incorrect when made;
 - (f) if any creditor or other person exercises or purports to exercise any rights as against any of the Borrowers or the Guarantors or any assets of any of them, including, without limitation, by way of or in contemplation of enforcement of security, or a distress or execution or, which would, in the assessment of RBC to be determined in its absolute discretion, acting reasonably, have an adverse impact on such Borrower or Guarantor, or the Security, or any priority position of RBC or the prospect of repayment of the Loans, or payment pursuant to the Guarantees;
 - (g) if proceedings are taken to enforce any encumbrance on the assets of a Borrower or a Guarantor unless such proceedings are contested in good faith by a Borrower or by a Guarantor and security satisfactory to RBC has been provided to RBC;
 - (h) if the Security ceases to constitute a valid and perfected security interest against the assets secured thereby, ranking first in priority against those assets (or such other ranking which is expressly agreed to in writing by RBC), or for any other reason RBC reasonably considers that the Security, or any part thereof, is at risk;

- (i) if a Borrower or a Guarantor takes any steps to challenge the validity or enforceability of the Security or this Agreement or any parts thereof;
- (j) if any legal proceeding seeking the dissolution or division or wind-up of a Borrower or a Guarantor, save for any legal proceeding to which RBC consents in writing, is commenced;
- (k) if a Borrower or a Guarantor commences, or in proceedings seeks substantive relief with respect to a Borrower or a Guarantor, without the consent of RBC, in any mediation, bankruptcy, insolvency, debt restructuring, reorganization, readjustment of debt, dissolution, liquidation or other similar proceedings (including, without limitation, proceedings under the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada), the *Companies Creditors Arrangement Act* (Canada), the *Bankruptcy Code* or other similar federal, provincial or foreign legislation including, without limitation, the filing of a proposal or plan of arrangement or a notice of intention to file same, or proceedings for the appointment of a trustee, trustee in bankruptcy, interim receiver, receiver, receiver and manager, custodian, guardian, liquidator, provisional liquidator, administrator, sequestrator or other like official with respect to such Borrower or Guarantor or all or any substantial part of the assets of any of them, or any similar relief;
- (l) if a bankruptcy application or any other proceeding or case is filed, instituted, or commenced with respect to a Borrower or Guarantor (by any person other than RBC) under any bankruptcy, insolvency, debt restructuring, reorganization, incorporation, readjustment of debts, dissolution, liquidation, winding-up or similar law, now or hereafter in effect, seeking the bankruptcy, liquidation, reorganization, dissolution, winding-up, composition or readjustment of debts of any of the Borrowers or the Guarantors, the appointment of a trustee, interim receiver, receiver, receiver and manager, custodian, guardian, liquidator, provisional liquidator, administrator, sequestrator or other like official for any of the Borrowers or the Guarantors, or all or any substantial part of the assets of the Borrowers or the Guarantors, or any similar relief;
- (m) if a Borrower or a Guarantor applies absent the consent of RBC to extend any stay of proceedings;
- (n) if, in RBC's opinion, a material adverse change, financial or otherwise that is not specifically contemplated herein occurs on or after the date hereof in the business, affairs or condition of either Borrower, arising for any reason whatsoever, as determined by RBC in its sole and unfettered discretion;
- (o) if a Borrower or a Guarantor defaults in any obligation to any person (other than RBC) which involves or may involve a sum exceeding \$50,000, and the default has not been cured within 7 days of the date such Borrower or such Guarantor first knew or should have known of such default;
- (p) if final judgment or judgments are entered against a Borrower or a Guarantor for the payment of any amount of money exceeding \$50,000, and the judgment or judgments are not discharged within 15 days after entry; or
- (q) if RBC, in its absolute discretion, acting reasonably, determines that it is in its best interest to declare an Event of Default.

- 7.2 If an Event of Default occurs, and notwithstanding any other provision hereof, each Borrower and Guarantor acknowledges and agrees that RBC may immediately proceed to enforce any or all of its rights and remedies, including without limitation the Security, and each of the Borrower and the Guarantor acknowledges and agrees that RBC may take whatever steps it deems necessary or advisable to enforce the Security including, without limitation, the filing of the consent receivership order granted pursuant to the terms of this Agreement as permitted by law.

ARTICLE 8 FORBEARANCE

- 8.1 The forbearance of RBC's rights pursuant to this Agreement shall remain in full force and effect until the earlier of any of the following events:
- (a) any default, including the non-performance of any obligation of any Borrower or Guarantor, under any agreement with RBC including, but not limited to, the Loan Agreements, the Security and this Agreement;
 - (b) the occurrence, in RBC's opinion acting reasonably, of a material adverse change in the business, financial status, affairs or condition of any Borrower or Guarantor of any kind and arising for any reason, that is not specifically contemplated herein; or
 - (c) the expiry of the Forbearance Period.
- 8.2 For consideration of RBC entering into this Agreement the Borrowers covenant and agree to pay to RBC a non-refundable forbearance fee of \$50,000.00 (the "**Forbearance Fee**"). The Forbearance Fee shall be payable as set forth in Article 5.1(b), and shall be (a) earned in full upon execution of this Agreement, (b) secured by the Security, (c) and considered part of the Indebtedness for all purposes.

ARTICLE 9 RELEASE

- 9.1 Each Borrower and each Guarantor hereby:
- (a) releases and forever discharges RBC and its affiliates, and their directors, officers, servants, agents, consultants, shareholders, assigns, insurers, predecessors and successors (collectively, the "**Releasees**"), of and from any and all manner of actions, causes of actions, suits, contracts, claims, demands, damages, costs and expenses of any nature or kind whatsoever, whether known or unknown, suspected or unsuspected whether at law or in equity, which any one or more of the Borrowers or Guarantors ever had or now has or hereafter can, shall or may have or by reason of any cause, matter or thing whatsoever existing up to the present time and relating, whether directly or indirectly, to the Indebtedness or the Security or any errors or omissions of any of the Releasees with regard thereto;
 - (b) waives against each of the Releasees, any defence which they may have existing up to the present time to any present or future legal action or other enforcement brought by RBC to collect the Indebtedness or enforce or realize upon the Security, whether said defence arises (and expressed through counterclaim, defence, or otherwise), by reason of any cause, matter, error, omission, neglect or thing caused or done, whether direct or indirect,

by any of the Releasees existing as at the date of this Agreement and relating to or arising, whether directly or indirectly, from the Indebtedness or the Security; and

- (c) acknowledges that RBC has not waived any of its rights in respect of the Defaults and expressly reserves its rights to rely on the Defaults upon the occurrence of an Event of Default.

ARTICLE 10 NOTICE

- 10.1 Without prejudice to any other method of giving notice, any notice required or permitted to be given to a party pursuant to this Agreement shall be conclusively deemed to have been received by such party on the next business day following the sending of the notice by prepaid private courier to such party at its address as set out in this section or on the same business day if sent by electronic mail or facsimile to such party at its email address or facsimile number as set out in this section. Any party may change its address for service by notice in the foregoing manner. The mailing address, email address and facsimile number for the parties are as follows:

- (a) for MTK:

MTK Properties Ltd.
900, 332 6th Avenue SW
Calgary, AB T2P 0B2

Attention: Theresa Pound
Robert Pound
Email: theresapound@mcarthurfurniture.com
robertpound@mcarthurfurniture.com

- (b) with a copy to:

Carscallen LLP
900, 332 - 6th Avenue SW
Calgary, AB T2P 0B2

Attention: Michael J. Whiting
Fax: (403) 298-8473
Email: whiting@carscallen.com

- (c) for McArthur:

McArthur Furniture (Alberta) Ltd
900, 332 6th Avenue SW
Calgary, AB T2P 0B2

Attention: Theresa Pound
Robert Pound
Email: theresapound@mcarthurfurniture.com
robertpound@mcarthurfurniture.com

- (d) with a copy to:

Carscallen LLP
900, 332 - 6th Avenue SW
Calgary, AB T2P 0B2

Attention: Michael J. Whiting
Fax: (403) 298-8473
Email: whiting@carscallen.com

- (e) for Theresa Pound:

Email: theresapound@mcarthurfurniture.com

- (f) for Edwin Pound:

Email: Edwin.pound@yahoo.com
whiting@carscallen.com

- (g) for RBC:

Royal Bank of Canada
335 8th Ave SW, 5th Floor
Calgary AB T2P 1C9

Attention: Marlene J. Starenky
Fax: 403-292-3019
Email: marlene.starenky@rbc.com

- (h) with a copy to:

Burnet, Duckworth & Palmer LLP
Barristers and Solicitors
2400, 525 – 8th Avenue SW
Calgary, AB T2P 1G1

Attention: David LeGeyt
Fax: (403) 260-0332
Email: dlegeyt@bdplaw.com

- 10.2 The parties are entitled to rely upon the accuracy of the names, address and fax numbers set out herein unless and until notice of change shall be received by each party.

**ARTICLE 11
MISCELLANEOUS**

- 11.1 Each Borrower and Guarantor hereby waives their rights to Lender confidentiality in respect of all communications the Lender has in favour of, and hereby authorizes the Lender and its agents to communicate with any shareholders, guarantors, advisors, and agents of either Borrower or any Guarantor (collectively, the "**Debtors' Stakeholders**"), and each Borrower or Guarantor shall provide such waivers and consents as may be required to ensure that any such Debtors' Stakeholders can fully and frankly discuss with the Lender all matters touching on its relationship with such Borrower or Guarantor.
- 11.2 Each Borrower and Guarantor hereby acknowledges and agrees that the implementation and performance of this Agreement is to facilitate the Lender's management of the Lender's financial risk and to facilitate the Borrowers' or Guarantors' efforts to retire the Indebtedness to the Lender and does not constitute any form of management or control over either or any of their assets or operations.
- 11.3 Each Borrower and Guarantor agree to promptly do, make, execute and deliver all such further acts, documents and instruments as RBC may reasonably require to allow RBC to enforce any of its rights under this Agreement and to give effect to the intention of this Agreement.
- 11.4 Each of the Borrowers and the Guarantors represent and warrant that the execution and delivery of this Agreement and any document contemplated by this Agreement has been duly authorized and all corporate and other approvals and resolutions have been obtained prior to the execution and delivery of this Agreement and any document contemplated by this Agreement for the purpose of ensuring that the Agreement and any such document is valid, effective and binding upon each Borrower and each Guarantor.
- 11.5 This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. There are no representations, warranties or undertakings between the parties hereto with respect to the subject matter hereof other than as set out in this Agreement (and the Security and other loan documentation ancillary hereto).
- 11.6 Each Borrower covenants and agrees that this Agreement shall be subject to documentation by RBC's legal counsel, all costs of which shall be for the account of the Borrower.
- 11.7 Each Borrower, each Guarantor and RBC agree that all reasonable legal costs on a solicitor and his own client full indemnity basis incurred by RBC with respect to its dealings with the Borrowers and the Guarantors or any of them shall be added to the Loans and allocated in the absolute discretion of RBC, and are secured by the Security and guaranteed by the Guarantees.
- 11.8 Each of the Borrowers and the Guarantors agrees that it has either reviewed this Agreement with legal counsel and/or has had the opportunity to review this Agreement with legal counsel and has chosen not to do so.
- 11.9 Each Borrower acknowledges that time is of the essence in this Agreement. The term "business day" in this Agreement means a day which is not a Saturday, Sunday or other statutory holiday in the Province of Alberta. In the event that any action, step or proceeding contemplated by this Agreement is scheduled to occur on a day which is not a business day, then the action or step or proceeding shall instead be required to occur on the next following business day.

- 11.10 This Agreement shall be governed by the laws of the Province of Alberta and the laws of Canada applicable therein, and attorn to the jurisdiction of the Province of Alberta. All references in this Agreement to currency are to Canadian currency unless expressly stated otherwise.
- 11.11 If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:
- (a) the legality, validity or enforceability of the remaining provisions of this Agreement; or
 - (b) the legality, validity or enforceability of that provision in any other jurisdiction.
- 11.12 Words importing singular number only shall include the plural and vice versa. Words importing the neuter gender "it" shall include the feminine and masculine genders and words importing persons shall include corporations, partnerships, syndicates, trusts and any number or aggregate of persons.
- 11.13 The headings contained in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.
- 11.14 This Agreement may be executed in counterpart. A facsimile, or PDF transmitted or other copy of this Agreement shall be as effective as an original.
- 11.15 This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.
- 11.16 This Agreement shall be deemed effective as of the date first written above.
- 11.17 If any Borrower or Guarantor fails to perform any of their covenants or agreements hereunder, the Lender may itself, but shall not be obliged to, perform or cause to be performed the same and all reasonable expenses incurred or payments made by the Lender in so doing shall be paid by the Borrowers or Guarantors to the Lender forthwith upon demand. Any such expenses or payments remaining unpaid after demand shall bear interest at the rates agreed to pursuant to the Loan Agreements from the date such expense or payment was incurred or made by the Lender until paid and shall be added to the Indebtedness and secured by the Security.

[Signatures follow on next page]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

ROYAL BANK OF CANADA

Per: _____

Name: **M. STARENKY**

Title: **SR. MANAGER SPECIAL LOANS & ADVISORY SERVICES**

Per: _____

Name: _____

Title: _____

MTK PROPERTIES LTD.

Per: _____

Name: **Theresa Pound**

Title: **Owner-President**

MCARTHUR FURNITURE (ALBERTA) LTD

Per: _____

Name: **Theresa Pound**

Title: **Owner-President**

Each Guarantor hereby acknowledges receiving all information and advice that they require, including legal advice, related to this Agreement and, in this regard: (i) acknowledges receiving valuable consideration (the adequacy and sufficiency of which is specifically acknowledged) for their obligations hereunder; (ii) acknowledge and consent to this agreement; (iii) agrees to be bound by the provisions of this agreement; and (iv) agrees that if the Lender fails to insist upon strict performance or observance of the requirements of its rights set forth in this Agreement, or waives or amends any such requirements, such action shall not prejudice the Lender's rights under any or all of the guarantee and security arrangements granted by each of the undersigned in favour of the Lender.

MTK PROPERTIES LTD.

Per: _____

Name: **Theresa Pound**

Title: **Owner-President**

Witness _____

Witness _____

MCARTHUR FURNITURE (ALBERTA) LTD

Per: _____

Name: **Theresa Pound**

Title: **Owner-President**

THERESA POUND

EDWIN POUND

SCHEDULE "A"
BORROWER SECURITY

McArthur Loan Agreement

1. General Security Agreement

MTK Loan Agreements

1. Mortgage on the Glenbrook Property
2. General Assignment of Rents and Leases from the Glenbrook Property
3. Site Specific Security Agreement on the Glenbrook Property
4. Specific Assignment of the McArthur Furniture (Alberta) Ltd lease of the Glenbrook Property
5. Mortgage on the Airdrie Property
6. General Assignment of Rents and Leases from the Airdrie Property
7. Site Specific Security Agreement on the Airdrie Property
8. Specific Assignment of the McArthur Furniture (Alberta) Ltd lease of the Airdrie Property

SCHEDULE "B"

GUARANTEES

McArthur Loan Agreement

1. Theresa Pound McArthur Guarantee and Postponement limited to \$375,000 together with interest and costs after the date of demand for payment
2. Edwin Pound McArthur Guarantee and Postponement limited to \$375,000 together with interest and costs after the date of demand for payment
3. MTK McArthur Guarantee and Postponement limited to \$1,150,000 together with interest and costs after the date of demand for payment

MTK Loan Agreements

1. Edwin Pound Mortgage Guarantee (Glenbrook) limited to \$187,500 together with interest and costs after the date of demand for payment
2. Edwin Pound Mortgage Guarantee (Airdrie)
3. Theresa Pound Mortgage Guarantee (Glenbrook) limited to \$187,500 together with interest and costs after the date of demand for payment
4. Theresa Pound Mortgage Guarantee (Airdrie)
5. McArthur Mortgage Guarantee (Glenbrook)
6. McArthur Mortgage Guarantee (Airdrie)

SCHEDULE "C"
GUARANTOR SECURITY

1. Theresa Pound McArthur Guarantee and Postponement
2. Edwin Pound McArthur Guarantee and Postponement
3. MTK Postponement
4. MTK Guarantee and Postponement

SCHEDULE "D"
INDEBTEDNESS AND OTHER OBLIGATIONS

Facility	Amount Outstanding
McArthur Facility	\$1,071,823.22
MTK Loan Agreements	\$7,443,045.38
Total Indebtedness of the Borrowers as of October 2, 2018 excluding costs	\$8,514,868.60

Interest and other fees and changes accruing after October 2, 2018 in accordance with the Loan Agreements and Security.

Costs.

SCHEDULE "E"
DEMANDS AND NOTICES OF INTENTION TO ENFORCE SECURITY

See attached.

SCHEDULE "F"
CONSENT RECEIVERSHIP ORDER

See attached.

Clerk's stamp:

COURT FILE
NUMBER

COURT

COURT OF QUEEN'S BENCH OF
ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF(S)

ROYAL BANK OF CANADA

DEFENDANT(S)

MTK PROPERTIES LTD., MCARTHUR FURNITURE
(ALBERTA) LTD, EDWIN POUND AND THERESA POUND

DOCUMENT

CONSENT RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 – 8 Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: David LeGeyt
Phone Number: (403) 260-0210
Fax Number: (403) 260-0332
Email Address: dlegeyt@bdplaw.com
File No. 55398-52

DATE ON WHICH ORDER WAS PRONOUNCED: _____

NAME OF JUDGE WHO MADE THIS ORDER: _____

LOCATION OF HEARING: _____

UPON the application of Royal Bank of Canada ("**RBC**") in respect of MTK Properties Ltd. and McArthur Furniture (Alberta) Ltd. (collectively the "**Debtor**"); **AND UPON** having read the Application, filed _____, 201__, the Affidavit of Marlene Starenky dated _____, 201__, and the Affidavit of Service of _____; **AND UPON** reading the consent of _____ to act as receiver and receiver and manager ("**Receiver**") of the Debtor, filed; **AND UPON** noting the consent endorsed hereon

of the Debtor; **AND UPON** hearing counsel for Royal Bank of Canada and the Debtor; **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("**BIA**"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, 99(a) of the *Business Corporations Act*, R.S.A. 2000, c.B-9, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 _____ is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of

business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.

- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$_____, provided that the aggregate consideration for all such transactions does not exceed \$_____; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

- 4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
- 5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.

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

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the

Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued

use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**").
14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their

advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the

appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:

- A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
- A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

LIMITATION ON THE RECEIVER'S LIABILITY

16. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

RECEIVER'S ACCOUNTS

17. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, incurred both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.
18. The Receiver and its legal counsel shall pass their accounts from time to time.
19. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$_____ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person,

but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

21. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
22. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
23. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

24. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

25. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
26. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
27. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

28. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
29. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
30. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
31. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

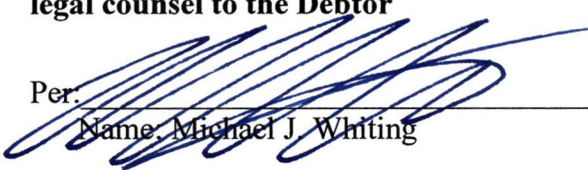
FILING

32. The Receiver shall establish and maintain a website in respect of these proceedings and shall post there as soon as practicable:
 - (a) all materials prescribed by statute or regulation to be made publically available; and
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such

materials as are confidential and the subject of a sealing order or pending application for a sealing order.

Justice of the Court of Queen's Bench of Alberta

CONSENTED TO this 5 day of
DECEMBER, 2018 by CARSCALLEN LLP,
legal counsel to the Debtor

Per. 

Name: Michael J. Whiting

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that _____, the interim receiver and receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of MTK Properties Ltd. and McArthur Furniture (Alberta) Ltd, appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "**Court**") dated the _____ day of _____, _____ (the "**Order**") made in action numbers _____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [**daily**] [**monthly not in advance on the _____ day of each month**] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of the Royal Bank of Canada from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at [•].
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property (as defined in the
Order), and not in its personal capacity

Per: _____

Name:

Title:

**THIS IS EXHIBIT "14" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**



A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley

A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

FORBEARANCE EXTENSION AGREEMENT

THIS FORBEARANCE EXTENSION AGREEMENT is made this 18 day of April, 2019.

BETWEEN:

ROYAL BANK OF CANADA
(hereinafter referred to as "RBC" or the "Lender")

- and -

MCARTHUR FURNITURE (ALBERTA) LTD. ("McArthur")

- and -

MTK PROPERTIES LTD. ("MTK")

(MTK and McArthur together hereinafter referred to as the "Borrowers" and each a "Borrower")

- and -

MCARTHUR

- and -

MTK

- and -

THERESA POUND

- and -

EDWIN POUND

(McArthur and MTK, when referred to in their capacity as guarantor, Theresa Pound and Edwin Pound are hereinafter referred to as the "Guarantors" and each a "Guarantor")

WHEREAS RBC, the Borrower and the Guarantors entered into a forbearance agreement in October of 2018 (the "Forbearance Agreement");

AND WHEREAS the Forbearance Period described in the Forbearance Agreement terminated at 5:00pm on March 1, 2019;

AND WHEREAS the parties desire to extend the duration of the Forbearance Period and the Forbearance Agreement on the terms and conditions described herein;

NOW THEREFORE, in consideration of these mutual covenants and agreements, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by RBC, the Borrowers and the Guarantors, the parties agree as follows:

1. Capitalized terms used in this Extension Agreement, but not defined herein, are ascribed the meaning given to them in the Forbearance Agreement;
2. Article 5.1 of the Forbearance Agreement is hereby amended to read "5:00 p.m. on June 14, 2019, or such later date as agreed to in writing between RBC, the Borrower and the Guarantors";
3. The McArthur Facility must be repaid in full by no later than June 14, 2019.
4. The unpaid balance of the Forbearance Fee, being \$25,000.00, is due and payable to RBC upon execution of this Forbearance Extension Agreement.
5. MTK and McArthur confirm that they are in compliance with Articles 3.1(c) and 3.1(d) of the Forbearance Agreement.

6. Except as expressly modified or amended herein, nothing in this Forbearance Extension Agreement is intended to alter, amend, modify or limit the existence, terms or effectiveness of any agreement between RBC, the Borrower and the Guarantors including, without limitation, the Forbearance Agreement, the Loan Agreement or the Personal Guarantees;
7. This Forbearance Extension Agreement may be executed in counterparts and delivered via facsimile or other electronic means and all counterparts, when taken together, shall constitute the agreement.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

ROYAL BANK OF CANADA

Per: _____

Name: _____

Title: *M. STARENKY*
SR. Manager SPECIAL LOANS & ADVISORY SERVICES

Per: _____

Name: _____

Title: _____

MTK PROPERTIES LTD.

Per: _____

Name: *Robert Pount*

Title: _____

MCARTHUR FURNITURE (ALBERTA) LTD

Per: _____

Name: *Robert Pount*

Title: _____

Each Guarantor hereby acknowledges receiving all information and advice that they require, including legal advice, related to this Agreement and, in this regard: (i) acknowledges receiving valuable consideration (the adequacy and sufficiency of which is specifically acknowledged) for their obligations hereunder; (ii) acknowledge and consent to this agreement; (iii) agrees to be bound by the provisions of this agreement; and (iv) agrees that if the Lender fails to insist upon strict performance or observance of the requirements of its rights set forth in this Agreement, or waives or amends any such requirements, such action shall not prejudice the Lender's rights under any or all of the guarantee and security arrangements granted by each of the undersigned in favour of the Lender.

MTK PROPERTIES LTD.

Per: _____

Name: *Robert Pount*

Title: *General Manager*

Witness _____

Witness _____

MCARTHUR FURNITURE (ALBERTA) LTD

Per: _____

Name: *Robert Pount*

Title: *General Manager*

Theresa Pound
THERESA POUND

Edwin Pound
EDWIN POUND

**THIS IS EXHIBIT "15" REFERRED TO
IN THE AFFIDAVIT OF MARLENE STARENKY
SWORN BEFORE ME AT CALGARY, ALBERTA
THIS 9TH DAY OF JANUARY, 2020**


A Commissioner for Oaths in and for the Province
of Alberta

Robyn Anne Finley
A Commissioner for Oaths/Notary Public
In and for the Province of Alberta

ROBYN ANNE FINLEY
Barrister and Solicitor

Clerk's Stamp:

COURT FILE NUMBER 2001-
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ROYAL BANK OF CANADA
DEFENDANT MCARTHUR FURNITURE (ALBERTA) LTD., MTK PROPERTIES
LTD., THERESA POUND and EDWIN POUND
DOCUMENT CONSENT TO ACT

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 – 8 Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: David LeGeyt / Ryan Algar
Phone Number: (403) 260-0210/ 0126
Fax Number: (403) 260-0332
Email Address: dlegeyt@bdplaw.com / ralgar@bdplaw.com
File No. 55398-52

CONSENT TO ACT

KPMG Inc. hereby consents to act as receiver and manager in these proceedings if so appointed by this Honourable Court.

DATED at Calgary, Alberta this 8th day of January, 2020.

KPMG INC.

Per:


Name: Neil Honess
Title: Senior Vice President