

March 3, 2015

Via email

Phyllis Perry
Deputy Registrar in Bankruptcy
5th Floor, Summit Place
1601 Lower Water Street

Dear Ms. Perry,

Subject: Tour Tech. East Limited (“Tour Tech”) – Estate No. 51-1963560

Please find enclosed the Proposal Trustee’s Supplemental Report relating to the Tour Tech motion to be heard on March 4, 2015 at 9:30am by Registrar Creagan.

We trust you will find the enclosed to be in order. If you have any questions please feel free to contact the undersigned at your convenience.

Sincerely,

DELOITTE RESTRUCTURING INC.
Acting in its capacity as Proposal Trustee of
Tour Tech. East Limited
and not in its personal capacity

Per:



James Foran, CA, CIRP
Vice President

Enclosure (Trustee's First Report)

c: Service List

Estate No: 51-1963560
Court No: 38848
District No: 02
Division No: 01-Halifax

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF:
TOUR TECH. EAST LIMITED**

**Supplemental Report to the First Report of the Trustee pursuant to sections 50.4(7)(b)(ii) and
50.4(9) of the
Bankruptcy and Insolvency Act (“BIA”)**

1. INTRODUCTION AND BACKGROUND

- 1.1 On February 20, 2015, Tour Tech. East Limited (“Tour Tech”) filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to Section 50.4 of the BIA. Deloitte Restructuring Inc. (“Deloitte” or the “Proposal Trustee”) was appointed as the trustee under the NOI.
- 1.2 On February 27, 2015, Deloitte filed the First Report of the Trustee (the “First Report”) with this Honorable Court, a copy of which was provided to all secured creditors with registered security.
- 1.3 On February 27, 2015, Deloitte filed with the Office of the Superintendent in Bankruptcy (the “OSB”) the statement of cash flows (the “NOI Cash Flow”) as required pursuant to Subsection 50.4(2)(a)(b)(c) of the BIA, a copy of which is attached as Appendix A.

2. TERMS OF REFERENCE

- 2.1 In preparing this report (“the Supplemental Report”), Deloitte has relied upon financial information of the Company, and discussions with the Company’s management (“Management”) and Boyne Clarke, the Company’s legal counsel.
- 2.2 The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles and the reader is cautioned that the Supplemental Report may not disclose all significant matters about the Company. Additionally, none of our procedures were intended to disclose defalcations or other irregularities. Were we to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to our attention. Accordingly, the Proposal Trustee does not express an opinion or provide any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of the Supplemental Report.
- 2.3 The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of the Supplemental Report. Any use which any party makes of the Supplemental Report, or any reliance or decisions to be made on the Supplemental Report, is the sole responsibility of such party.
- 2.4 All dollar amounts identified in the Supplemental Report are expressed in or converted to Canadian dollars.
- 2.5 The purpose of the Supplemental Report is to inform this Honourable Court on the status of:

- i. the interim financing offer received from Business Development Bank of Canada (“BDC”)

3. INTERIM FINANCING OFFER OF BDC

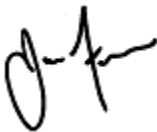
- 3.1 On March 2, 2015, BDC provided a draft offer of interim financing.
- 3.2 On March 3, 2015, BDC provided a revised offer of interim financing (the “BDC Offer”) based on discussions between BDC and Deloitte, a copy of which is attached as Appendix B.
- 3.3 Deloitte is of the opinion that the BDC Offer is superior to the offer that was in the First Report and defined as the DIP Facility, based on the following:
 - i. The offer facilitates an agreement with a significant existing lender of Tour Tech;
 - ii. The overall cost of the facility, including upfront charges and interest expense, is significantly lower than the DIP Facility; and
 - iii. The offer provides for an equipment sales process that will benefit Tour Tech and its creditors.
- 3.4 Deloitte has reviewed the NOI Cash Flows prepared by the Company in conjunction with the BDC Offer and concludes that a DIP charge of \$0.3 million is adequate to fund the operations of the Company during the NOI period. Based on the foregoing, the Proposal Trustee supports the Company’s application for an Order providing for the Interim Financing from BDC in accordance with that set forth in the BDC Offer.

All of which is respectively submitted to this Honourable Court this 3rd day of March, 2015.

DELOITTE RESTRUCTURING INC.

In its capacity as Trustee under the Proposal of
Tour Tech East Limited
and not in its personal capacity.

Per:



James Foran, CA, CIRP
Vice President

**APPENDIX A: NOTICE OF INTENTION TO FILE A PROPOSAL CASH FLOW
STATEMENT WITH STATUTORY DECLARATIONS**

Estate No. 51-1963560
 Court No. 38648
 District No. 02
 Division No. 01-Hallifax

Tour Tech East Limited
 Summary Cash Flow
 Prepared as of February 20, 2015

	1	2	3	4	5	6	7	8	9	10	11	12	13
Week ended													
Operating Cash	71,019	36,861	385,714	337,658	395,211	319,691	342,729	298,241	345,683	335,489	333,347	333,278	304,471
Operating Inflows													
Existing AR	26,311	724	11,004	68	1,500	2,772	2,438	-	-	-	-	-	-
New sales	14,438	75,415	40,787	130,396	22,238	53,003	55,860	99,747	85,271	75,328	65,635	27,300	60,232
Total Operating Inflows	40,750	76,139	51,791	130,464	23,738	55,775	58,298	99,747	85,271	79,577	65,635	27,300	60,232
Operating Outflows													
Cost of goods sold		15,945	9,747	25,787	6,427	18,707	19,219	27,074	24,483	14,859	13,124	6,262	12,157
Operating expenses	17,295	5,970	3,250	25,525	12,913	2,995	3,150	17,025	13,113	3,820	3,675	14,375	18,150
Compensation	47,613	3,867	75,334	4,200	72,750	3,867	73,250	1,038	50,700	30,106	51,507	28,303	51,377
Professional fees	10,000	57,003	11,485	17,399	7,168	7,168	7,168	7,168	7,168	12,918	17,399	7,168	7,168
HST payable													
Total Outflows	74,908	82,785	99,648	72,911	99,258	32,737	102,786	52,305	95,464	61,719	85,705	56,108	88,851
Operating cash flow	(34,158)	(6,646)	(48,056)	57,553	(75,520)	23,038	(44,489)	47,442	(10,193)	17,858	(20,059)	(28,807)	(28,619)
Closing cash (before DIP)	36,861	30,214	337,658	395,211	319,691	342,729	298,241	345,683	335,489	353,347	333,278	304,471	275,852
DIP funding		355,500											
Closing cash (after DIP)	36,861	385,714	337,658	395,211	319,691	342,729	298,241	345,683	335,489	353,347	333,278	304,471	275,852
Projected DIP position		401,569	401,569	403,138	404,708	406,295	407,883	409,471	411,058	412,671	414,284	415,896	417,509

Tour Tech East Limited
 Insolvent person

[Signature]
 Deloitte Restructuring Inc.
 Trusted under the Notice of Intention to file a Proposal for
 Tour Tech East Limited
 and not in its personal capacity

**District of Nova Scotia
Division No. 01 - Halifax
Court No. 38848
Estate No. 51-1963560**

Note A:

The statement of projected cash flow is being filed pursuant to Bankruptcy and Insolvency Act s. 50.4(2) in association with the Notice of Intention to file a Proposal by Tour Tech. East Limited (the "Insolvent Person").

Note B:

The following assumptions were used by management in the preparation of the statement of projected cash flow of the Insolvent Person:

Opening cash

- The opening cash position for the week ending February 27, 2015 pertains to money held with a financial institution

Operating Inflows

- Projected receipts are based on management's estimate on the collection of existing accounts receivable as well as the collection of new sale receipts
- Management has assumed that credit terms with existing customers will not materially change

Operating Outflows

- Disbursements are based on management's estimates of costs required to continue operations and are based on historical information with the following exceptions:
 - Supplier payment terms will be cash on delivery
 - Professional fees related to restructuring are based on estimates provided by the proposal trustee and include fees payable to the proposal trustee, the trustee's counsel and the debtor's counsel

DIP Funding

- DIP funding is based on the terms and conditions contained within the expression of interest letter from J.W. Capital Inc.

District of Nova Scotia
Division No. 01 - Halifax
Court No. 38848
Estate No. 51-1963560

The management of Tour Tech. East Limited (the "Insolvent Person") has developed the assumptions and prepared the attached statement of projected cash flow of the Insolvent Person, as of the 20th day of February 2015, consisting of weekly cash flows for the period February 27th to May 22, 2015.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note A, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in Note B.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in Note A, using a set of hypothetical and probable assumptions set out in Note B. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Halifax, NS this 27th day of February 2015.

Tour Tech. East Limited

Per:



Peter Hendrickson

President
Tour Tech. East Limited

**District of Nova Scotia
Division No. 01 - Halifax
Court No. 38848
Estate No. 51-1963560**

The attached statement of projected cash flow of Tour Tech. East Limited (the "Insolvent Person") as of the week ending February 27, 2015, consisting of weekly projections through the week ending May 22, 2015, has been prepared by the management of the Insolvent Person for the purpose described in Note A, using the probable and hypothetical assumptions set out in Note B.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied to us by the management and employees of the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

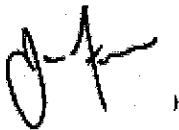
The projection has been prepared solely for the purpose described in Note A, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Halifax, NS this 27th day of February 2015.

DELOITTE RESTRUCTURING INC.

Trustee under the Notice of Intention to file a Proposal for
Tour Tech. East Limited
And not in its personal capacity

Per:

A handwritten signature in black ink, appearing to be 'J. Foran', written over a faint horizontal line.

James Foran, CA, CIRP
Vice President

**APPENDIX B: BUSINESS DEVELOPMENT BANK OF CANADA INTERIM
FINANCING OFFER**



PRIVATE & CONFIDENTIAL

March 3, 2015

Mr. Peter Hendrickson
 President
 Tour Tech. East Limited
 180 Thornhill Drive
 Dartmouth, NS B3B 1V3

RE: Debtor-in-Possession Financing

Dear Mr. Hendrickson,

Tour Tech. East Limited ("TTE" or the "**Borrower**") has undertaken restructuring proceedings under Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**") under the authority of the Supreme Court of Nova Scotia (the "**Court**") having jurisdiction over such proceedings. Deloitte Restructuring Inc. has been appointed as trustee of the restructuring proceedings (the "**Proposal Trustee**").

Based on the information provided by TTE and the Proposal Trustee, Business Development Bank of Canada ("**BDC**" or the "**DIP Lender**") is prepared to offer the Borrower debtor-in-possession financing in the amount of \$300,000 (the "**DIP Loan**") according to the terms and conditions set forth in this letter of offer (the "**Letter of Offer**").

LOAN PURPOSE		FUNDING	
Financing only of the day-to-day expenses of the Borrower in accordance with the cash flow projection approved and recommended by the Proposal Trustee and filed with the Court in support of the request for DIP financing (the "Cash Flow Projection"), attached hereto as Schedule "A" (the "Project")	\$ 300,000	DIP Loan	\$ 300,000
	\$ 300,000		\$ 300,000

Neither the Project nor the DIP financing may be changed without the prior written consent of BDC. The amount of DIP Loan may only be applied to this Project.



Amount of Loan	\$300,000
Authorization Date	March 4, 2015
Term	<p>The term of the DIP Loan shall be that period commencing on the Authorization Date and ending on the earliest of (such ending date, the "Maturity Date"):</p> <ul style="list-style-type: none">(a) July 31, 2015;(b) the effective date of a proposal for the Borrower under the BIA (the "Proposal");(c) the deemed bankruptcy of the Borrower; or(d) the occurrence of an Event of Default (as hereinafter defined).
Disbursement Procedure	<p>The DIP Loan shall be disbursed in weekly instalments based on the Cash Flow Projection. The Borrower may request disbursements in increments of \$50,000.</p> <p>In addition to the conditions precedent and underlying conditions set forth in this Letter of Offer, the Borrower agrees that each disbursement shall be conditional upon the fulfilment of each of the following conditions to the satisfaction of BDC:</p> <ul style="list-style-type: none">(a) the Borrower shall have given BDC, in the form set out in Schedule "B" attached hereto, a draw notice signed by an officer of the Borrower confirming that the said disbursement falls within the Cash Flow Projection; and(b) the Proposal Trustee shall confirm that the disbursement requested in the draw notice is compliant with the terms and conditions of this Letter of Offer.
Repayment	<p>On the Maturity Date, the Borrower shall repay the entire outstanding principal amount of the DIP Loan in full, together with any accrued interest, fees and expenses.</p> <p>During the Term, the Borrower may repay any principal amount of the DIP Loan without penalty.</p>
Interest	<p>Interest is payable monthly, and is comprised of the BDC's Floating Base Rate plus an interest rate variance of 7.15%.</p> <p>"BDC's Floating Base Rate" means the annual interest rate announced from time to time by BDC in its branches as being its floating prime rate applicable to each of the floating interest rate plans of BDC in effect at the time for the purpose of determining the floating interest rates on loans</p>



in Canadian dollars. As of the date hereof, that rate is set at 4.85% per annum so the interest rate applicable to the DIP Loan as of the date hereof would be 12.0%.

Payment of Interest

The Borrower shall pay the interest calculated monthly at the rate and in the manner set out in this Letter of Offer on the first Business Day of each month.

Security

As a specific and continuous guarantee of the performance by the Borrower of all its obligations toward BDC under the Loan Documents (including the payment of principal, interest, fees and any other sums), the Borrower agrees to grant the following security:

- First-ranking, valid, enforceable financing charge with priority over all creditors of the Borrower, in the amount of \$300,000 (the "DIP Charge") charging all the property, assets and undertakings of the Borrower granted pursuant to the DIP Order that includes standard debtor-in-possession terms and conditions, pursuant to section 50.6 of the BIA, subject only to an administration charge not to exceed \$75,000 (the "Administration Charge");
- Second readvanceable mortgage in the principal amount of \$300,000 on the land and building located at 170 Thornhill Drive, Dartmouth, Nova Scotia owned by the Borrower;
- Guarantee of 3258042 Nova Scotia Limited (the "Guarantor") for the full amount of the DIP Loan;
- Second readvanceable mortgage in the principal amount of \$300,000 on land and building located at 180 Thornhill Drive, Dartmouth, Nova Scotia owned by the Guarantor; and
- All existing security held by BDC shall stand as security for the DIP Loan.

(collectively, the "DIP Lender Security")

DIP Documentation

All documentation with respect to the DIP Loan, including the DIP Lender Security and DIP Order (as defined hereafter) (collectively, the "DIP Loan Documentation") shall be in form and substance acceptable to BDC as confirmed by BDC's legal counsel. All legal costs incurred in connection with the DIP Loan Documentation are for the account of the Borrower.

Conditions Precedent

Prior to any disbursement, the following conditions precedent will have been met in a manner satisfactory to BDC at its sole discretion:

- The Borrower is subject to restructuring proceedings under Division



I of the BIA;

- The Borrower has obtained an order made by the Court (the "DIP Order") in form and content satisfactory to the DIP Lender, which DIP Order shall include, among other things: (a) the approval of the DIP Loan and all the terms and conditions hereof; (b) authorizing the Borrower to borrow on the terms and conditions outlined in this Letter of Offer and approving same; (c) creating various court-ordered priority charges including (i) the granting of the DIP Charge in favour of the DIP Lender as security over all present and future assets, property and undertaking of the Borrower notwithstanding the terms and conditions of any other agreement to which the Borrower is a party; (ii) the granting of the Administration Charge not to exceed \$75,000 without the approval of the Court; (d) prohibiting the granting of any additional liens, charges, security interests or any other encumbrances upon any of the assets, property or undertaking of the Borrower, without the prior written consent of the DIP Lender; (e) granting the DIP Lender the right, upon the Maturity Date, to enforce the rights and remedies available to it, upon three (3) business days written notice to the Borrower and to the Proposal Trustee and their respective legal counsel, pursuant to the DIP Order, this Letter of Offer, the DIP Lender Security, and any additional rights and remedies available to it, at law or in equity; (f) prohibiting any further borrowing by the Borrower, without the prior written consent of the DIP Lender; (g) authorizing (but not obligating) the DIP Lender to effect such registrations, filings and recordings wherever the DIP Lender in its discretion deems appropriate regarding the DIP Loan Documentation including the DIP Lender Security and the DIP Charge; (h) declaring that the granting of the security by the Borrower and the Guarantor provided for in the DIP Loan Documentation including the DIP Lender Security and the DIP Charge and the execution and delivery of all other documents and instruments contemplated herein, the payment of all amounts by the Borrower to the DIP Lender, including any and all fees and interest, and the actions taken to perfect and record the DIP Lender Security do not constitute fraudulent preferences, fraudulent conveyances, conduct meriting an oppression remedy, or other transactions which might be challenged or reviewed under applicable federal or provincial legislation; (i) declaring the DIP Order, and the DIP Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, a proposal trustee, a monitor, a receiver, an interim-receiver, a receiver-manager or any other officer of the Court; (j) staying any other secured or unsecured creditor from exercising any rights against the Borrower and its property, without further order of the Court; (k) declaring the DIP Lender to be an "unaffected creditor" under any BIA proposal or



any plan of arrangement or compromise under the *Companies' Creditors Arrangement Act* (the "CCAA") made by the Borrower and that the indebtedness owed to the DIP Lender under the DIP Loan shall not be compromised or arranged under such BIA proposal or CCAA plan of arrangement or compromise; and (m) such other terms and conditions as the DIP Lender may reasonably deem necessary or appropriate;

- The DIP Order shall be in full force and effect; final and non-appealable; and shall not have been reversed, stayed, modified, amended or varied, without the express written consent of the DIP Lender; and no application or motion shall have been made to the Court for any stay, modification or amendment of the DIP Order;
- No Event of Default (as described below) shall have occurred;
- BDC has received the Proposal Trustee's report pursuant to sections 50(6), 50.4(2) or 50.6, as the case may be, of the BIA with respect to the Cash Flow Projection. The conclusions of the report shall be satisfactory to BDC;
- BDC and TD Bank have reached an agreement regarding the sharing of excess net proceeds from the sale of any redundant equipment of the Borrower;
- BDC has received an updated equipment appraisal from Castle Appraisals Ltd., satisfactory to BDC;
- The Borrower has paid when due all fees and expenses set out in this Letter of Offer. To this effect, the Borrower expressly and irrevocably authorize BDC to deduct from the DIP Loan all payments which are owed or which will be owed with respect to the fees any fees payable to BDC and any expenses incurred by or on behalf of BDC whether in respect of the DIP Loan or any other financing provided by BDC to the Borrower. Each of the said payments shall constitute an advance under the DIP Loan and shall be considered a payment made by the Borrower;
- The Borrower and the Guarantor shall have granted the DIP Lender Security;
- The Borrower has given an opinion from their legal counsel addressed to BDC and its legal counsel to their satisfaction with respect to the corporate status and capacity of the Borrower and the Guarantor regarding the DIP Loan and DIP Lender Security including the authority of their respective representatives to sign the applicable loan and security documents, the legality and enforceability of the provisions of the applicable loan and security



documents according to their terms and validity, and confirming that the DIP Lender Security constitutes good and valid charges with the rank indicated above;

- BDC is satisfied that the Borrower and the Guarantor have complied and comply, in all material respects, with the laws and regulations applicable to their business, that no security ranks in priority to the security described above, other than as indicated herein or by operation of the law in the normal course of business of the Borrower without the Borrower having granted such security by agreement, and that the Borrower and the Guarantor are not in default with respect to any of the terms and conditions of the loan documents; and
- BDC has received from its legal counsel a favourable opinion on all matters relating to the DIP Loan.

Underlying Conditions

During the Term of the DIP Loan, the following underlying conditions shall be met in a manner satisfactory to BDC at its sole discretion:

- You shall only use the DIP Loan for the purposes set out in this Letter of Offer, unless otherwise agreed to in writing by the DIP Lender;
- You shall comply with any order made by the Court;
- You shall diligently continue the Borrower's restructuring proceedings under the BIA;
- You shall provide a detailed listing of equipment owned by the Borrower that is not necessary to maintain and support the current level of operations, by no later than March 31, 2015. After March 31, 2015 and upon BDC's request, you shall commence a formal sales process for this redundant equipment, to be supervised by the Proposal Trustee and to be satisfactory to BDC acting reasonably, within 30 days of such request. The net proceeds shall be paid as directed by BDC's counsel with such Court authorization as may be required;
- You shall file the Proposal, satisfactory to BDC acting reasonably, with the Court by no later than August 15, 2015;
- You agree that no dividends, salaries, remuneration, management fees or any other form of payments or distributions shall be paid to the shareholders of the Borrower, other than the regular annual salary paid to Peter Hendrickson of \$175,000, without the prior written consent of BDC;



- You agree to provide annual reviewed financial statements (balance sheet, income statement and cash flow statement) for the Borrower within 180 days of year-end;
- You agree to provide monthly company-prepared financial statements (balance sheet, income statement and cash flow statement) for the Borrower showing actual results achieved compared to projected results along with notes and management comments on variances within 20 days of month-end;
- You shall comply with the financial projections set forth in the Cash Flow Projection;
- You agree to provide a weekly cash flow statement, aged accounts receivable trial balance, aged accounts payable trial balance, cheque register and bank statements for the Borrower on the third Business Day of each week. The weekly cash flow statement shall show actual results achieved compared to the Cash Flow Projection along with notes and management comments on variances, together with an updated forecast for the forthcoming 13 weeks;
- You agree to the following financial covenants, tested weekly:
 - (a) Cumulative actual of total receipts for any given rolling four week period shall not vary negatively from the amount forecasted in the Cash Flow Projection for the same period by more than 20%; and
 - (b) Cumulative actual of total disbursements for any given rolling four week period shall not vary negatively from the amount forecasted in the Cash Flow Projection for the same period by more than 20%;
- You agree to authorize the Proposal Trustee to disclose to BDC any financial or other information of which it is aware;
- You agree to provide any notice, letter or other document advising the Borrower of the occurrence of a default under material contracts to which the Borrower is a party which is likely to have a material adverse effect or of an Event of Default (as defined below), within seven days of receipt of such a notice, letter or document;
- You agree to provide all other documents or information reasonably required by BDC, which shall be provided within a reasonable time according to the circumstances;
- You agree to maintain the current insurance coverage over your assets and property and, on a best efforts basis, designate the DIP



Lender as loss payee as its interest may appear; and

- You shall not sell, transfer, assign or deal in any way with any of your property, assets or undertaking out of the ordinary course of business, without the prior written consent of the DIP Lender or an order of the Court.

Events of Default

In addition to the events of default set out in the DIP Lender Security, the following events shall constitute events of default (each, an "Event of Default"):

- (a) if the Borrower fail to pay to the DIP Lender when due any amount of principal, interest, fees or other amounts under the DIP Loan or otherwise, whether by acceleration or otherwise;
- (b) if the Borrower or the Guarantor default in the observance or performance of any underlying condition or covenant contained in this Letter of Offer, the DIP Lender Security or any other agreement between the DIP Lender and the Borrower and/or the Guarantor;
- (c) if the Borrower exceeds or deviates materially from the Cash Flow Projection;
- (d) if the DIP Lender determines, acting reasonably, that a material adverse change has occurred after the date hereof in respect of the business, affairs or financial condition of the any of the Borrower;
- (e) if the DIP Order is varied without the written consent of the DIP Lender or any other order is made which is or may be prejudicial to the DIP Lender's interests;
- (f) if the Borrower fail to pay, when due, any statutory liens, trusts and other Crown claims including employee source deductions, GST/HST, EHT, and any payments required by any work place safety legislation, wages, vacation pay and insurance premiums; or
- (g) if the stay of proceedings granted to the Borrower pursuant to the restructuring proceedings under the BIA is terminated or lifted.

Remedies

Upon the Maturity Date, the DIP Lender may immediately terminate the DIP Loan and enforce, upon three (3) Business Days written notice to the Borrower, the Guarantor and Proposal Trustee, all of its rights and remedies against the Borrower and the Guarantor and their property, assets and undertaking including, without limitation, the enforcement of the DIP Lender Security; and all amounts outstanding under the DIP Loan shall immediately become due and payable without further notice, demand or delay.



Other Conditions

This Letter of Offer does not effect novation of the terms, conditions and obligations of the Borrower with respect to the rights, security and recourses of BDC with respect to any other financing previously granted to the Borrower. The Borrower hereby acknowledges that all the rights, security and recourses given previously to BDC are not modified and remain in effect with respect to the advances previously granted and that BDC retains all its rights.

The standard credit terms which are set out in Schedule "C" attached hereto form an integral part hereof and if there is any inconsistency between the terms set out in Schedule "C" and this Letter of Offer, this Letter of Offer shall govern.

Indemnification

The DIP Loan Documentation shall provide that the Borrower agree to indemnify and hold BDC harmless from and against any and all claims, losses, obligations, liabilities, claims, actions or causes of action, and reasonable costs and expenses incurred, suffered, sustained or required to be paid by BDC by reason of or resulting from the DIP Loan, this Letter of Offer, and the transactions and documents contemplated by this Letter of Offer, except to the extent resulting from the gross negligence or willful misconduct of the BDC as determined by a court.

Loan Processing Fee

The Borrower agrees to pay a non-refundable Loan Processing Fee in the amount of \$9,000 payable as of the first disbursement of the DIP Loan.

Administration Fee

The Borrower agrees to pay a non-refundable monthly Administration Fee in the amount of \$500 payable on the first disbursement of the DIP Loan and monthly thereafter on the first Business Day of each month.

Other Costs

In addition, any and all costs incurred by BDC in connection with DIP Loan, the DIP Loan Documentation, the DIP Lender Security, the DIP Order, the DIP Charge, the Proposal, the enforcement of any rights and remedies regarding the aforementioned and the restructuring of the Borrower including, but not limited to legal, accounting, appraisal, environmental and consulting fees, are for the account of the Borrower. Such costs shall be paid out of the disbursements of the DIP Loan as and when they become due and shall be secured by the DIP Lender Security.

Governing Law

This Letter of Offer as well as the interpretation and exercise of the recourses hereunder shall be subject to and governed by the laws of the Province of Nova Scotia and the laws of Canada applicable therein.

Solidary Liability

When there is more than one borrower, their obligations shall be solidary and each of them shall constitute a principal debtor.



Information

The Borrower authorizes BDC to obtain credit and other information about them from any financial institution, credit agency or credit bureau.

Expiry Date

This Letter of Offer shall become null and void if it is not accepted by 2 p.m. on March 3, 2015.

Thank you for giving us the opportunity to discuss our ability to meet your financing requirements. We look forward to continuing to work with you.

Yours truly,

A handwritten signature in black ink, appearing to read 'Karalee Allain', written in a cursive style.

Karalee Allain
Analyst, Business Restructuring

A handwritten signature in black ink, appearing to read 'Russell W. French', written in a cursive style.

Russell W. French
Assistant Vice President, Business Restructuring

*Canada's business development bank, BDC, puts entrepreneurs first.
With over 100 business centres across the country, we offer financing, subordinate financing, venture capital and consulting services to 30,000 small and medium-sized companies.*

ACCEPTANCE

To: Business Development Bank of Canada
Business Restructuring
70 York Street, Suite 1202
Toronto, Ontario
M5J 1S9

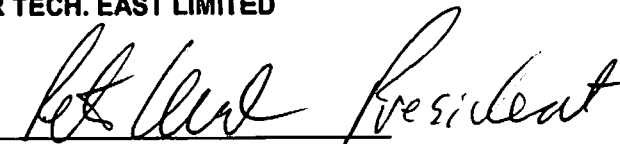
Attention: Sophie Gauthier

We certify that all the information provided to BDC is true, we accept the terms set forth herein and we acknowledge receipt of a copy of this Letter of Offer and the schedules forming part thereof.

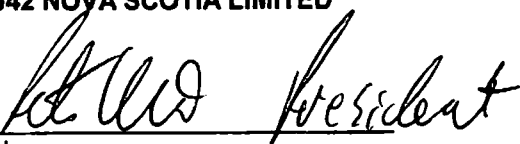
We further acknowledge that today we paid BDC a sum of \$9,000 for the non-refundable loan processing fee related to the DIP Loan. The said non-refundable loan processing fee does not create any right in favour of the Borrowers and does not require BDC to make any disbursement of the DIP Loan, as such rights and obligations can only be generated to the extent that the terms and conditions set out herein are met to the complete satisfaction of BDC.

Accepted in the City of Dartmouth on March 3, 2015.

TOUR TECH. EAST LIMITED

Per: 
Name:
Title:

3258042 NOVA SCOTIA LIMITED

Per: 
Name:
Title:

Schedule "A"
CASH FLOW PROJECTION

Schedule "B"

DRAW NOTICE

To: Business Development Bank of Canada
Business Restructuring
70 York Street, Suite 1202
Toronto, Ontario
M5J 1S9

Attention: Sophie Gauthier

RE: Debtor-in-Possession Financing

Dear Sir or Madam,

We refer you to the Letter of Offer of debtor-in-possession financing entered into on March 1, 2015 between Tour Tech. East Limited, as Borrower, and BDC, as DIP Lender. Capitalized terms which are used but not defined in this draw notice have the meaning given to them in the Letter of Offer.

We confirm our draw notice concerning a disbursement as follows:


Amount of disbursement: \$50,000

Disbursement date:

As of the date hereof, we confirm that the representations made or given in the DIP Loan are still true and accurate in all material respects, that the said disbursement falls within the Cash Flow Projection and that no Event of Default has occurred.

We also confirm the execution of the previous draw by each of the parties.

TOUR TECH. EAST LIMITED

Per: 
Name:
Title:

Schedule "C"

Standard Credit Terms

1. INTERPRETATION

1.1 Definitions.

Unless indicated otherwise or unless context requires otherwise, the terms and expressions used as definitions in the Agreement, its schedules and any related documents which are incidental thereto shall have the meaning indicated below:

1.1.1 "Agreement" means this offer of interim restructuring financing and its schedules, where applicable, as amended from time to time;

1.1.1(A) "Borrower" means the Borrowers identified in the Letter of Offer to which this Schedule "C" is attached and forms an integral part hereof;

1.1.2 "Business Day" means any day, other than a Saturday or Sunday, on which BDC is open for business in the Province of Nova Scotia;

1.1.3 "Change of Control" means the sale, assignment or transfer of Control of a corporation or any written or verbal agreement resulting in the control of a corporation or entity being transferred to another;

1.1.4 "Control" means the direct or indirect holding of more than fifty percent (50%) of the Voting Shares of a corporation;

1.1.5 "Default" means an event of default pursuant to sections 9 and 10 below;

1.1.6 "Dollars" or "\$" means the lawful money of Canada;

1.1.7 "Environmental Laws" means all applicable federal, provincial, state, municipal, local and foreign laws and regulations respecting pollution or the environment (including, without limiting the generality of the foregoing, laws and regulations relating to the emission, discharge, spill or risk of spill of chemicals, pollutants, contaminants, waste, toxic substances, oil, oil products and other substances affecting the environment, or relating to the manufacturing, transformation, distribution, use, treatment, storage, removal, transportation or handling of chemicals, pollutants, contaminants, waste, dust, toxic substances, oil, oil products and other substances affecting the environment);

1.1.8 "Environmental Permits" means all permits, licences, certificates, certificates of authorization, approvals, authorizations, consents, written agreements and registrations issued, granted or signed by any Government Authority having jurisdiction under any Environmental Law;

1.1.9 "GAAP" means generally accepted accounting principles in Canada as recognized or established by the Canadian Institute of Chartered Accountants, as they may be amended from time to time, applied consistently;

1.1.10 "Government Authority" means Canada, the Province of Nova Scotia and any other country, state or province, and any other regional, municipal or local subdivision or other country, state or province and any

government body of such jurisdiction and includes any agency, department, commission, bureau, ministry, organization, etc.;

1.1.10(A) "Guarantor" means the Guarantors identified in the Letter of Offer to which this Schedule "C" is attached and forms an integral part hereof;

1.1.11 "Loan" means all amounts of principal, interest, costs, incidentals and all other sums owed to BDC under the Loan Documents;

1.1.12 "Loan Documents" means the letter offering interim restructuring financing (the Agreement), the Security and all other documents related to the Loan, as such documents may be amended from time to time;

1.1.13 "Material Adverse Effect" refers to the occurrence or non-occurrence of any event or series of events which has or could have a material adverse effect on the activities, assets, liabilities, financial situation, operating results or business prospects of the Borrower (or the Guarantor) or on the ability of the Borrower (or the Guarantor) to perform its obligations pursuant to the Loan Documents;

1.1.14 "Security" means, individually or collectively, all acts, documents and agreements (including any amendment, substitution or replacement thereof, as well as any act, document or agreement necessary to complete and confirm the security in accordance with the *Civil Code of Québec* or, as the case may be, under any law of another Government Authority having jurisdiction) entered into or to be entered into between the Borrower (and the Guarantor) and BDC to guarantee the repayment of the Loan and the obligations of the Borrower relating thereto (including, without limitation, those set forth in the Loan Documents);

1.1.15 "Subsidiary" means a legal person of which more than fifty percent (50%) of the Voting Shares are held beneficially, directly or indirectly, by or on behalf of another legal person;

1.1.16 "Voting Shares" means the shares of any class in the capital stock of a corporation conferring in all circumstances the right to elect the majority of the directors thereof.

1.2 **Headings.** The headings are for ease of reference only and shall not affect the interpretation of this Agreement.

1.3 **Recitals and schedules.** The recitals and schedules form an integral part hereof.

1.4 **Accounting terms.** Every accounting term used in this Agreement has the meaning generally ascribed to it according to GAAP unless another definition is given herein and any reference to an item on a balance sheet or statement shall be construed according to its presentation in the appropriate statements prepared according to GAAP as amended from time to time by any accounting standard adopted by the Canadian Institute of Chartered Accountants.

1.5 **Singular and plural.** In this Agreement, the singular includes the plural and vice versa, and "person" or

"persons" includes an individual, firm, corporation, government, government organization or agency, unincorporated group of persons or association. The information to be provided in the schedules hereof shall be provided according to the definitions, terms and conditions of this Agreement.

2. LOAN

2.1 The obligation of the Borrower to pay the Loan may, at the option of BDC, be witnessed by one or more notes, which shall be given to BDC in recognition of receipt of the funds, not as payment of this Loan.

2.2 BDC shall not be required to disburse the Loan if the pre-disbursement conditions are not met or if the Borrower is in Default under the Loan Documents or if a circumstance arises which could lead to a Material Adverse Effect.

2.3 BDC may cancel any portion of the Loan which is undisbursed on the Maturity Date (as defined in the Letter of Offer).

3. USE OF PROCEEDS OF LOAN

3.1 No change shall be made in the use of the Loan or the proposed financing without the prior written consent of BDC.

3.2 The Borrower shall bear all risks of superior force, so that the obligations of the Borrower under the Loan Documents may not be reduced or cancelled, even in the case of superior force.

4. INTEREST

4.1 **Interest rate.** The Loan or any unpaid balance thereof shall bear interest, before and after maturity and before and after default and judgement, until it is repaid in full.

4.2 **Calculation of interest.** The interest payable on the Loan shall be calculated and compounded monthly and not in advance on the unpaid principal as of the date of the first disbursement of the Loan before and after maturity and before and after default and judgement.

4.3 **Interest on amounts not repaid when due.** Any amount of principal, costs or interest payable hereunder which is not repaid when due shall bear interest during the period in which such amount remains unpaid at the annual interest rate indicated for the Loan calculated daily and compounded monthly, the whole until payment in full and payable on demand (the "Interest Arrears").

4.4 **Late payment interest.** The Interest Arrears shall bear interest and the additional interest thereon which is not paid when due shall bear interest at the annual interest rate indicated for the Loan calculated delay and compounded monthly, the whole until payment in full and payable on demand. Any other amount which is not paid when due shall bear interest at the same rate and the interest shall be calculated and paid in the same manner as interest on the principal which is not outstanding.

4.5 **Reduction of interest.** If the aggregate amount of costs payable as interest, Interest Arrears and additional interest and all other costs paid or payable in connection

with the loan (collectively, the "Costs") constitutes at any time whatsoever the application of an actual annual interest rate which exceeds the limit permitted under an applicable law, the Costs shall be reduced so that the costs paid or payable do not exceed the ceiling allowed under such law. BDC shall reimburse any surplus which was paid thirty (30) days after setting the amount of the repayment.

5. REPAYMENT

5.1 **Loan not renewable.** No amount repaid on the Loan may be borrowed again.

5.2 **Advance repayment.** The Borrower may repay the Loan in advance at any time without notice and without indemnity.

6. DEBITS AND AUTOMATIC WITHDRAWAL

6.1 The Borrower hereby authorizes BDC to manually or electronically withdraw from its bank account any payment which the Borrower must make to BDC hereunder.

6.2 Any payment to be made by the Borrower hereunder will be made by way of pre-authorized withdrawal from its bank account. The Borrower shall sign all the documents necessary for such purposes and shall provide BDC with a sample cheque from its financial institution marked "void".

6.3 The Borrower agrees that the repayment of any amount owed hereunder may be made by cheque if BDC considers this means of payment preferable under the circumstances.

7. UNDERTAKINGS

7.1 **Undertakings to be complied with by the Borrower (and the Guarantor, where applicable).** As of the date hereof, the Borrower (and the Guarantor) agrees that the following undertakings shall be complied with as long as the Borrower owes any amount whatsoever to BDC hereunder or otherwise, and the Borrower (and the Guarantor) acknowledges that BDC is relying on such undertakings for the purposes hereof:

7.1.1 The Borrower (and the Guarantor) shall, at its own expense, insure all its assets including the property charged with the Security, and keep it insured at all times against the risk of loss or damage caused by theft, fire and any other risk which is normally insured or for which a prudent administrator would insure, or for which BDC requires insurance, the whole up to its full insurable value, on the terms and with insurers acceptable to BDC. Each insurance policy shall provide that it may not be terminated for any reason whatsoever or become void before thirty (30) days' prior written notice is given to BDC. BDC is hereby designated as beneficiary of the indemnities payable under each insurance policy (except with respect to civil liability), and the Borrower (and the Guarantor) shall have such designation indicated on the policies. If BDC so requests, the Borrower (and the Guarantor) shall assign to BDC the policies or indemnities payable thereunder or ensure that each policy contains a hypothecary clause acceptable to BDC. The Borrower (and the Guarantor) shall provide to BDC, at its request, proof of payment of the premiums and a copy of each policy. The Borrower (and the Guarantor) further agrees to renew or replace any policy before it

expires and to provide written confirmation from the insurer within twenty-four (24) hours of such renewal or replacement. The Borrower (and the Guarantor) shall give BDC a copy of such renewal or replacement as soon as possible. If the Borrower (and the Guarantor) fails to set up such insurance or keep it in effect, BDC may, but shall not be required to, take out such insurance in its name or in the name of the Borrower (and the Guarantor), and the premiums or Costs paid or incurred by BDC in this regard shall become due and payable by the Borrower (and the Guarantor) to BDC forthwith, with interest as set out herein. The Borrower (and the Guarantor) shall notify BDC forthwith of any damage or loss suffered by the property. If the Borrower (and the Guarantor) does not maintain insurance in accordance with the above requirements, BDC may take out insurance to protect its interests and the Borrower (and the Guarantor) shall pay the premiums therefor.

7.1.2 The Borrower (and the Guarantor) shall keep its accounting books and records up to date according to GAAP;

7.1.3 The Borrower (and the Guarantor) agrees to make its remittances to the Government Authorities as required by law. The Borrower shall confirm that the amounts were paid to each Government Authority by means of documents prepared by its external accountant which shall be sent to BDC along with the annual financial statements. In addition, the Borrower agrees to sign a standard consent form allowing BDC to obtain information about the said remittances;

7.1.4 The Borrower (and the Guarantor) shall ensure that any Subsidiary or other person, partnership or affiliate complies with and agrees to comply with the undertakings set out herein;

7.1.5 The Borrower shall deal on a business basis and "at arm's length" with any person;

7.1.6 The Borrower shall notify BDC forthwith of any Default or event which, following a notice or the expiry of a time limit, could constitute a Default and send BDC a copy of any Default or Default notice received from any other authority having jurisdiction;

7.1.7 The Borrower shall disclose to BDC forthwith any lawsuit or proceeding before a court of law or tribunal, commission or Government Agency to which it is a party;

7.1.8 The Borrower (and the Guarantor) shall comply at all times with the laws governing it;

7.1.9 The Borrower shall conduct itself in a socially and politically responsible manner at all times;

7.1.10 The Borrower shall maintain its operations;

7.1.11 The Borrower shall use the Loan made available hereunder for the purposes hereof;

7.1.12 The Borrower shall pay all costs incurred by BDC to exercise its rights hereunder, including those allowing the enforcement of all the obligations of the Borrower to protect, execute or preserve any Security granted to guarantee the Loan or have the assets of the Borrower (and the Guarantor) appraised at the request of BDC, including all legal costs,

charges or other legal expenses, and the costs and fees of an agent, trustee or otherwise;

7.1.13 The Borrower (and the Guarantor) shall allow any representative of the BDC, upon prior notice to the Borrower (and the Guarantor), to enter the premises of the Borrower during normal business hours and examine therein, at the expense of BDC, the books, physical facilities and stock of the business and obtain a copy of any document.

7.2 Decisions requiring the prior consent of BDC. No decision, resolution, action or settlement affecting the following matters relating to the Borrower (and the Guarantor, where applicable) as well as any Subsidiary or affiliate may be taken or made without having first obtained the consent of BDC, which may not refuse to give its consent without valid reason:

7.2.1 any amendment of the articles of the Borrower (and the Guarantor);

7.2.2 the winding up or voluntary liquidation of the Borrower (and the Guarantor), as well as its consolidation or amalgamation with any other person, business or corporation;

7.2.3 any payment of dividends by the Borrower (or the Guarantor), the redemption of shares in its capital stock or any other form of distribution of its assets;

7.2.4 any change in the nature of the business activities of the Borrower (or the Guarantor);

7.2.5 a change of the fiscal year-end of the Borrower (or the Guarantor);

7.2.6 the creation of a hypothec or security of any nature whatsoever charging the property of the Borrower (or the Guarantor) covered by the Security;

7.2.7 any direct or indirect change of Control of the Borrower (or the Guarantor);

7.2.8 any loans or advances to employees or shareholders of the Borrower (or the Guarantor) outside the normal course of business and any loan or advance to any person outside the normal course of business;

7.2.9 the acquisition of any business (through a purchase of shares or assets) by the Borrower (or the Guarantor);

7.2.10 the signing by the Borrower (or the Guarantor) of any contract outside the normal course of business;

7.2.11 any capital expenditures, including lease-to-buy contracts outside the normal course of business;

7.2.12 the moving of a substantial part of its activities;

7.2.13 the creation of a Subsidiary;

7.2.14 take out any form of borrowing other than to the extent allowed herein;

7.2.15 make repayments of capital in favour of its shareholders or make any other form of repayment of debts

with respect to its secured creditors not provided for in the cash flow statement;

7.2.16 assign or otherwise dispose of all or part of its assets without the prior written consent of BDC.

7.3. **Environment.** The Borrower (and the Guarantor) agrees and undertakes: to comply with all applicable Environmental Laws; to operate in conformity with all Environmental Laws and regulations; to make certain that its assets are and shall remain free of environmental damage; to inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; to pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority;

7.4 **Prohibited activities.** The Borrower (and the Guarantor) agrees and undertakes not engage in, or permit its premises to be used by a tenant or other person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

- a) businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;
- b) businesses that operate as stand-alone nightclubs, bars, lounges cabarets, casinos, discotheques, video arcades pool and billiard halls, and similar operations; or
- c) businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 7.4 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Loan Party.

8. REPRESENTATIONS AND WARRANTIES

As of the date hereof, the Borrower (and the Guarantor) represents and warrants to BDC as follows and acknowledges that BDC is relying on such representations and warranties for the purposes hereof:

8.1 With respect to corporate status:

8.1.1 The Borrower (and the Guarantor) is a validly constituted and organized corporation, in good standing with the laws governing it, and holds all the powers necessary to carry on its business and to hold, manage and administer its property, and have full ability to bind itself toward BDC hereunder and under the Loan Documents signed by it;

8.1.2 all necessary authorizations and approvals have been given by the Borrower (and the Guarantor), their shareholders, administrators, business partners, creditors or

other persons whose authorization is required for the signing of the Loan Documents, the whole in accordance with the articles, by-laws and resolutions of the Borrower (and the Guarantor) and in accordance with the constituting act and other applicable laws;

8.1.3 the articles and by-laws of the Borrower (and the Guarantor) given to BDC this day are those in effect as of the date hereof and there is no undertaking providing for their amendment.

8.2 **Loan Documents.** The representations and warranties set forth in the Loan Documents are complete and accurate.

8.3 **Effects of representations and warranties.** The representations and warranties set out herein shall remain in effect until repayment in full of the Loan and any other amount owed to BDC under the Loan Documents.

9. DEFAULT AND RECOURSE PRIOR TO DISBURSEMENT OF THE LOAN

9.1 **Default.** The Borrower (and the Guarantor) shall be in default if:

9.1.1 any of the representations and warranties herein or in the schedules hereto and in the Loan Documents is found to be erroneous, inaccurate or false;

9.1.2 any of the pre-disbursement conditions is not met;

9.1.3 a Material Adverse Change with respect to the Borrower (or the Guarantor) has occurred, in the opinion of BDC;

9.1.4 The projections set forth in the cash flow statement are not met or complied with;

9.1.5 The audited annual financial statements or the internal monthly financial statements of the Borrower reflect a deterioration of the financial situation of the Borrower [or of the Guarantor] in comparison with the financial situation when the loan was authorized;

9.1.6 the due diligence is not to the complete satisfaction of BDC, including the statement of prior claims, such as deductions at source and constructive trusts;

9.1.7 the Borrower (or the Guarantor) does not take any action or do not sign any document considered necessary or useful by BDC to give full effect hereto and to the Loan Documents;

9.1.8 the Borrower (or the Guarantor) fails to comply with the terms and conditions set out herein and in the Loan Documents.

9.2 **Recourse.** In the event of any Default prior to the disbursement of all or part of the Loan, BDC reserves the right not to disburse the Loan in accordance with the terms hereof.

10. DEFAULT AND RECOURSE

Notwithstanding any provision to the contrary contained herein and even if the terms have been complied with, BDC reserves the right, at its discretion, to terminate the Loan or

any undisbursed portion thereof or to postpone the disbursement and terminate any moratorium on the repayment of principal, and the Borrower (and the Guarantor) agrees to repay, upon request, all or part of the amounts disbursed on the Loan, with interest, Costs and accessories, in the following cases:

10.1 any Court order lifting or modifying the protection or suspension of the recourses against the Borrower or any of its assets;

10.2 any other Court order granting a recourse or a right to a creditor to any security ranking before or *pari passu* with BDC;

10.3 any Court order amending the Loan or the restructuring process undertaken by the Borrower under the CCAA or BIA, as applicable, without the prior consent of BDC;

10.4 the failure by the Borrower (or the Guarantor) to pay interest or Costs which are owed hereunder or to repay the principal when due;

10.5 if any representation or warranty found herein, in the Security documents or in any other document or certificate provided to BDC by the Borrower (or the Guarantor) is incorrect, erroneous or inaccurate;

10.6 The Borrower (or the Guarantor) is in breach or terminate any material undertaking or obligation in the opinion of BDC;

10.7 If the Borrower (or the Guarantor) makes an assignment of its property, is placed under receivership pursuant to BIA, or if it is under a liquidation order under BIA or any other statute to the same effect;

10.8 if the Borrower (or the Guarantor) does not maintain its legal existence;

10.9 if there is a Change in Control of the Borrower or in the ultimate Control of the Borrower which has not received the prior written consent of BDC;

10.10 if the Borrower (or the Guarantor) fails to fulfil any of its undertakings stipulated herein;

10.11 if, at any time, any Security ceases for any reason whatsoever to be in effect, have full effect and keep the ranking it should have in accordance herewith and the Loan Documents, whether or not BDC has been informed;

10.12 If any of the events of Default provided for hereunder occurs with respect to the loan(s) granted to the Borrower by BDC which is not covered by the restructuring process, and the Borrower further acknowledges that a Default hereunder or under the Loan Documents shall also constitute a Default within the meaning of its other loans;

10.13 In all cases of Default, there will be loss of the benefit of the term and BDC may move up the date the Loan is due or terminate the Loan and declare the amount owed to it in principal on the Loan and any accrued interest, Costs and accessories thereon, as well as any indebtedness of the Borrower toward BDC hereunder and under the Loan Documents, to be due and payable immediately, in which

case the Borrower shall pay BDC forthwith all amounts owed or payable under the Loan, failing which BDC may exercise all its recourses hereunder or under any guarantee held by BDC, as it sees fit without further notice to the Borrower with the exception of the notices required by law; in addition, BDC or its assigns shall have the right to exercise all its recourses and the rights available to it, without any control on the part of the Borrower, but BDC shall not be required to realize such guarantee or exercise any such right or recourse and shall not be responsible for any loss which may be caused by such decision not to exercise such recourse. The Borrower shall indemnify BDC for any loss or expense which BDC may suffer or incur due to any delay in the payment of the Loan or any portion thereof or any accrued interest thereon or any other amount owed hereunder or resulting from a Default including, without limiting the generality of the foregoing, any cost, loss or expense incurred by BDC due to the Default of the Borrower.

10.14 In all cases of Default, BDC may also refuse to advance the Borrower any portion of the Loan which has not been advanced to the Borrower.

10.15 No notice or formal demand shall be required (unless provided for herein or under the Security) nor shall have to be given to the Borrower or, as the case may be, to the Guarantor, by BDC for the purpose of putting the Borrower and, as the case may be, the Guarantor in default, and the Borrower and, as the case may be, the Guarantor shall be in Default by the mere passage of the time given for the performance of an obligation constituting a Default under the Loan Documents or by the occurrence of an event constituting a Default under the Loan Documents, to the extent allowed by law.

10.16 If a Default occurs, BDC may incur and pay any reasonable sum for services rendered (including professional fees and the fees of agents) with respect to the realization, payment, sale, transfer, delivery or payment to be made with respect to any guarantee referred to herein and may deduct such sums as fees and disbursements from the proceeds of realization of the securities. The balance of any proceeds may be withheld by BDC and may, at the option of BDC, be applied to any indebtedness of the Borrower toward BDC, without prejudice to any other right or recourse of BDC. Any expense incurred or sum paid by BDC in order to realize, maintain or preserve any security referred to herein given by the Borrower to BDC hereunder or by law shall bear interest at the interest rate provided in the Loan until the date the said sum is paid.

10.17 BDC may grant extensions, take and give releases of any security and deal in any manner with the Borrower or any other party with respect to the guarantees given to BDC as BDC wishes and without prejudice to any rights of BDC with respect to the securities given and without reducing the responsibility of the Borrower toward BDC.

10.18 The rights and recourses of BDC hereunder are cumulative and are in addition to, and not a substitute for, those granted to it by Law. The partial exercise or the exercise of only one of such rights and recourses by BDC for a Default or breach of any term, undertaking, condition or agreement found herein shall not modify, affect or impair any other right or recourse to which BDC may be entitled under the Law for the same Default or breach; no waiver by BDC of the strict observance, performance or compliance with a term, undertaking, condition or agreement found herein or

any accommodation granted by BDC shall be deemed to be a waiver with respect to any subsequent Default or breach.

11. GENERAL

11.1 The Borrower shall not have the right to assign or transfer the rights granted to it hereunder. Any assignment in breach of this paragraph shall, in addition to constituting a Default hereunder, cancel any undertaking of BDC to disburse any portion of the Loan which has not been advanced.

11.2 BDC shall keep records of the transactions made under the Loan. Such registers shall be deemed to reflect such transactions and the amount of the Loan used by the Borrower and shall constitute, in the absence of manifest errors, *prima facie* evidence of the date and amount of any disbursement to the Borrower and the total amounts paid by

the Borrower in principal and interest on the disbursements, costs and other amounts payable hereunder.

11.3 The Borrower shall take any action and sign any document necessary to give full effect to the terms hereof.

11.4 The Borrower agrees to a public announcement being made in the form of a press release by BDC.

11.5 The Borrower (and the Guarantor) authorize BDC to communicate with their accountants and auditors and to ask them, on their behalf, to give BDC financial information and to give BDC the financial statements of the Borrower (and the Guarantor) as soon as they are prepared. In addition to the documents and information indicated above, BDC may require the opinion of an independent and competent auditor.