

UNDERWRITING AGREEMENT

December 6, 2013

Chesswood Group Limited
4077 Chesswood Drive
Toronto, Ontario M3J 2R8

Attention: Mr. Barry Shafran
President & Chief Executive Officer

Ladies and Gentlemen:

National Bank Financial Inc., RBC Dominion Securities Inc., Cormark Securities Inc. and Canaccord Genuity Corp. (individually, an "**Underwriter**" and collectively, the "**Underwriters**") understand that Chesswood Group Limited (the "**Corporation**"), a corporation incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**"), intends, upon the terms and subject to the conditions contained herein, to issue and sell to the Underwriters \$20,000,000 aggregate principal amount of 6.50% convertible unsecured subordinated debentures (the "**Initial Debentures**") at a price (the "**Offer Price**") of \$1,000 per Initial Debenture in an offering to be conducted in each of the provinces and territories of Canada, other than the Province of Québec (collectively, the "**Qualifying Jurisdictions**"), pursuant to the Prospectus (as defined below) and on the terms and conditions set out herein.

The Corporation hereby grants to the Underwriters (in accordance with the percentages set forth in Subsection 19(a) of this Agreement) an option (the "**Over-Allotment Option**") to purchase severally and not jointly up to \$3,000,000 aggregate principle amount of additional 6.50% convertible unsecured subordinated debentures (the "**Option Debentures**") at the Offer Price, on the terms and conditions set forth herein, for the purpose of covering over-allotments. The Over-Allotment Option may be exercised in whole or in part at any time up to 30 days following the Closing Date (as defined below) by the Underwriters giving notice to the Corporation in accordance with Section 11. The Initial Debentures and the Option Debentures are collectively referred to herein as the "**Debentures**". The Debentures and the Underlying Shares (as defined below) are sometimes collectively referred to herein as the "**Offered Securities**".

We also understand that the Corporation has (i) prepared and filed with the Ontario Securities Commission (the "**Reviewing Authority**") and the other Canadian Securities Regulators (as defined below) in accordance with National Instrument 44-101 – *Short Form Prospectus Distributions* and National Instrument 44-102 – *Shelf Distributions* (the "**Shelf Procedures**") a (final) unallocated short form base shelf prospectus dated November 27, 2013 relating to the offering of up to \$100,000,000 aggregate initial offering price of debt securities, Common Shares (as defined below), warrants, subscription receipts and units of the Corporation

(the "**Base Prospectus**") omitting the Shelf Information (as defined below) and other related documents relating to the proposed distribution of the Debentures, and (ii) obtained from the Reviewing Authority receipts for the Base Prospectus for and on behalf of itself and each of the other Canadian Securities Regulators pursuant to Multilateral Instrument 11-102 – *Passport System* and National Policy 11-202 – *Process For Prospectus Reviews in Multiple Jurisdictions* (collectively, the "**Passport System**").

We also understand that the Corporation will prepare and file, without delay, a prospectus supplement (the "**Prospectus Supplement**") to the Base Prospectus to be dated no later than December 6, 2013 (the Base Prospectus, as supplemented by the Prospectus Supplement, together in each case with all Documents Incorporated by Reference (as defined below), is referred to herein as the "**Prospectus**") and all necessary related documents in order to qualify the Debentures for distribution in the Qualifying Jurisdictions. The information included in the Prospectus Supplement that is permitted under the Shelf Procedures to be omitted from the Base Prospectus for which receipts or other evidences of acceptance have been obtained but that is deemed under the Shelf Procedures to be incorporated by reference into the Base Prospectus as of the date of and by virtue of the Prospectus Supplement is referred to herein as the "**Shelf Information**".

The Debentures will be issued pursuant to the terms of a trust indenture to be dated as of the Closing Date (the "**Indenture**") between the Corporation and Equity Financial Trust Company, as indenture trustee.

Based upon and subject to the terms and conditions set out herein, the Underwriters hereby severally and not jointly offer to purchase from the Corporation, in the respective percentages set out in Subsection 19(a), and the Corporation hereby agrees to sell to the Underwriters all, but not less than all, of the Initial Debentures at the Offer Price per Initial Debenture.

National Bank Financial Inc., or an affiliate thereof, owns or controls an equity interest in TMX Group Limited ("**TMX Group**") and has a nominee director serving on the TMX Group's board of directors, and as such, may be considered to have an economic interest in the listing of securities on any exchange owned or operated by TMX Group, including the TSX (as defined below), the TSX Venture Exchange and the Alpha Exchange. No person or company is required to obtain products or services from TMX Group or its affiliates as a condition of any such dealer supplying or continuing to supply a product or service.

Terms and Conditions

The following are the terms and conditions of the agreement between the Corporation and the Underwriters:

1. Definitions

(a) Where used in this Agreement or in any amendment hereto, the following terms shall have the following meanings, respectively:

"**affiliate**", "**distribution**", "**material change**", "**material fact**", "**misrepresentation**", and "**subsidiary**" shall have the respective meanings given to such terms in OSA, as amended;

"**Agreement**" means this agreement;

"**Auditors**" means the accounting and auditing firm of BDO Canada LLP or its successors, in its capacity as auditors of the Corporation;

"**Authorization**" means any certificate, consent, order, permit, approval, waiver, license, qualification, registration or similar authorization of any Governmental Authority having jurisdiction over a person;

"**Base Prospectus**" has the meaning ascribed to such term above;

"**Beneficiaries**" has the meaning ascribed to such term in Subsection 12(d);

"**Business Day**" means any day that is not a Saturday, a Sunday or a statutory or civic holiday or a day on which banking institutions are not generally authorized or obligated to open for business in Toronto, Ontario;

"**Canadian GAAP**" means generally accepted accounting principles in effect from time to time in Canada applied in a consistent manner from period to period including, without limitation, the accounting recommendations published in the Handbook of the Canadian Chartered Professional Accountants of Canada Handbook - Accounting (which, for greater certainty, in respect of any reporting period commencing on or after January 1, 2011 includes Part I - International Financial Reporting Standards);

"**Canadian Securities Laws**" means, collectively, all applicable securities Laws of each of the Qualifying Jurisdictions;

"**Canadian Securities Regulators**" means the applicable securities commissions or similar regulatory authorities in each of the Qualifying Jurisdictions, and "**Canadian Securities Regulator**" means any one of them;

"**CDS**" has the meaning ascribed to such term in Subsection 10(b);

"**Claims**" has the meaning ascribed to such term in Subsection 12(a);

"**Class B Acquisitionco Shares**" means the Class B non-voting common shares in the capital of U.S. Acquisitionco, which are currently exchangeable on a one-for-one basis for Common Shares;

"**Class C Acquisitionco Shares**" means the Class C non-voting common shares in the capital of U.S. Acquisitionco, which are currently exchangeable on a one-for-one basis for Common Shares;

"**Closing Date**" means December 16, 2013 or any other date as may be agreed to in writing by the Corporation and the Lead Underwriters, all acting reasonably;

"**Common Shares**" means the common shares in the capital of the Corporation;

"**Contract**" means any agreement, indenture, mortgage, contract, lease, deed of trust, licence, option, warrant, note agreement, loan agreement, instrument, collective agreement, or other binding commitment or understanding, whether written or oral;

"**Corporation**" has the meaning ascribed to such term above;

"**Debentures**" has the meaning ascribed to such term above;

"**Defaulted Securities**" has the meaning ascribed to such term in Section 19(b);

"**Documents Incorporated by Reference**" means the documents incorporated by reference or deemed to be incorporated by reference in the Prospectus, including the Marketing Documents;

"**Environmental Laws**" means all applicable Laws relating to pollution, contamination, protection of the environment, health, safety or natural resources, including those relating to the use, handling, transportation, treatment, storage, disposal, release, investigation, corrective action, mediation or discharge of Hazardous Materials;

"**Financial Data**" means financial information, including the Financial Information, statistical and accounting data (other than industry data derived from industry sources or based upon estimates of management of the applicable person);

"**Financial Information**" means, collectively:

- (i) the information under the heading "Description of Share Capital" in the Base Prospectus and under the headings "Consolidated Capitalization" and "Earnings Coverage Ratios" in the Prospectus Supplement;
- (ii) the audited consolidated financial statements of the Corporation for the years ended December 31, 2012 and 2011, including the notes thereto and the Independent Auditors' Report thereon;
- (iii) the management's discussion and analysis of the Corporation for the year ended December 31, 2012;
- (iv) the unaudited condensed consolidated interim financial statements of the Corporation for the three and nine month periods ended September 30, 2013, including the notes thereto (except for the page titled "Notice to Readers", which is not incorporated by reference and does not form part of the Prospectus); and

- (v) the management's discussion and analysis of the Corporation for the three and nine month periods ended September 30, 2013;

"Governmental Authority" means any:

- (i) multinational, federal, provincial, state, municipal, local or other governmental or public department, regulatory authority, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, and any subdivision or authority of any of the foregoing;
- (ii) any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above, including the Canadian Securities Regulators, the TSX and the Investment Industry Regulatory Organization of Canada; or
- (iii) any arbitrator exercising jurisdiction over the affairs of the applicable person, asset, obligation or other matter;

"Hazardous Materials" means any substance, material or waste which is regulated by or with respect to which liability or standards of conduct are imposed under any Environmental Laws, including any substance, material or waste which is defined as "toxic", "dangerous", "hazardous", "pollutant", "contaminant" or "source of contaminant" under any provision of applicable Laws including any free product, vapour phase or residual, derivative of such Hazardous Materials;

"Indemnified Party" and **"Indemnified Parties"** have the meanings ascribed to such terms in Subsection 12(a);

"Indemnifying Party" has the meaning ascribed to such term in Subsection 12(a);

"Indenture" has the meaning ascribed to such term above;

"Initial Debentures" has the meaning ascribed to such term above;

"Initial Fee" has the meaning ascribed to such term in Section 18;

"Intellectual Property" means (i) any trade-marks, trade names, business names, brand names, service marks, computer software, computer programs, copyrights, including any performing, author or moral rights, designs, inventions, patents, franchises, formulas, processes, know-how, technology and related goodwill, (ii) any applications, registrations, issued patents, continuations in part, divisional applications or analogous rights or licence rights therefore, and (iii) all other intellectual or industrial property;

"Laws" means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, or policies, guidelines or prescribed forms of, or issued by, Governmental Authorities, or

Authorizations binding on or affecting the person referred to in the context in which the word is used;

"**Lien**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature, or any other arrangement or condition creating an interest in property which, in substance, secures payment or performance of an obligation;

"**Lead Underwriters**" means National Bank Financial Inc. and RBC Dominion Securities Inc., acting on behalf of the Underwriters pursuant to Section 20;

"**Marketing Documents**" means, collectively, all marketing materials (including any template version, revised template version or limited use version thereof) provided to a potential investor in connection with the distribution of the Debentures, the forms of which have been approved for such purposes by the Corporation;

"**marketing materials**" has the meaning ascribed thereto under NI 41-101;

"**Material Adverse Effect**" means a material adverse effect on the operating results, condition (financial or otherwise), assets, liabilities (contingent or otherwise), cash flow, income, business or business prospects of the Corporation and the Subsidiaries, taken as a whole;

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**OBCA**" has the meaning ascribed to such term above;

"**Offer Price**" has the meaning ascribed to such term above;

"**Offered Securities**" has the meaning ascribed to such term above;

"**Offering**" means the offering of the Qualified Securities under the Prospectus;

"**Offering Documents**" means, collectively, the Base Prospectus, the Prospectus Supplement and any Supplementary Material (including, for greater certainty, the Documents Incorporated by Reference);

"**Option Debentures**" has the meaning ascribed to such term above;

"**Option Fee**" has the meaning ascribed to such term in Section 18;

"**Option Notice**" has the meaning ascribed to such term in Section 11;

"**OSA**" means the *Securities Act* (Ontario);

"**Over-Allotment Option**" has the meaning ascribed to such term above;

"**Passport System**" has the meaning ascribed to such term above;

"**person**" means and includes any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation (with or without share capital), joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, Governmental Authority or other organization or entity, whether or not a legal entity, however designated or constituted;

"**Prospectus**" has the meaning ascribed to such term above;

"**Prospectus Amendment**" means any amendment or supplement to the Prospectus;

"**Prospectus Supplement**" has the meaning ascribed to such term above;

"**Qualifying Jurisdictions**" has the meaning ascribed to such term above;

"**Release**" means the spilling, leaking, pumping, pouring, injecting, emptying, dumping, disposing, discharging, emitting, depositing, ejecting, leaching, escaping or any other release or threatened release, however defined, whether intentional or unintentional, of any Hazardous Material that is in violation of or that could give rise to liability, including any investigation, corrective action or remediation or penalties relating thereto, under any Environmental Laws;

"**Reviewing Authority**" has the meaning ascribed to such term above;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**Selling Group**" has the meaning ascribed to such term in Subsection 3(a);

"**Shelf Information**" has the meaning ascribed to such term above;

"**Shelf Procedures**" has the meaning ascribed to such term above;

"**Sherway LP**" means Sherway Limited Partnership, a limited partnership formed under the Laws of the Province of Manitoba;

"**Special Voting Shares**" means the special voting shares of the Corporation attached to each Class B Acquisitionco Share and Class C Acquisitionco Share issued and outstanding;

"**standard term sheet**" has the meaning ascribed thereto under NI 41-101;

"**Subsidiaries**" means, collectively, the subsidiaries of the Corporation set out in Schedule A to this Agreement, and "**Subsidiary**" means any one of them;

"**subsidiary**" has the meaning ascribed to such term in the OBCA;

"Supplementary Material" means, collectively, any Prospectus Amendment and any ancillary materials that may be filed by or on behalf of the Corporation under Canadian Securities Laws relating to the qualification for distribution of the Debentures;

"Tax" or **"Taxes"** means all governmental taxes, levies, duties, assessments, reassessments, imposts, deductions, withholdings and other charges of any nature whatsoever imposed by applicable Tax Legislation, whether direct or indirect, whether or not measured in whole or in part by net income, including:

- (i) all income taxes (including any tax on or based upon net income, gross income, earnings, profits or selected items of income, earnings or profits);
- (ii) all of the following taxes: capital, corporate, gross receipts, the goods and services taxes imposed under the *Excise Tax Act* (Canada); the Québec sales tax imposed under the *Act Respecting Québec Sales Tax*, sales, use, value-added, ad valorem, transfer, real or personal property, business, franchise, license, withholding, payroll, wage, employer health, employment, excise, severance, utility, compensation and social security;
- (iii) all workers' compensation plan premiums, employment insurance premiums, Canada pension plan contributions and retirement contributions;
- (iv) all occupation, premium, property or windfall profits taxes and alternative or add-on minimum taxes;
- (v) all customs, anti-dumping or countervailing or excise duties; and
- (vi) all other taxes, fees, assessments or charges of any kind whatsoever;

together with any interest and any penalties or additional amounts imposed by any Taxing Authority, and any interest, penalties, fines, additional taxes and additions to tax imposed with respect to the foregoing;

"Tax Act" means the *Income Tax Act* (Canada), as amended from time to time, and the regulations promulgated thereunder;

"Tax Legislation" means, collectively, the Tax Act and the corresponding statute law, case law, rules, regulations, orders and decrees of any other applicable jurisdiction, domestic or foreign;

"Tax Returns" means any return (including an information return), declaration, report, statement, claim for a refund, rebate or credit, amended return, declaration of estimated Taxes or other document (including any attached schedule and any attached related or supporting information) relating to Taxes required to be filed under any applicable Tax Legislation or in fact filed with any Taxing Authority;

"**Taxing Authority**" means any Governmental Authority, domestic or foreign, having jurisdiction over the assessment, determination, collection or other imposition of any Tax;

"**template version**" has the meaning ascribed thereto under NI 41-101 and includes any revised template version of marketing materials as contemplated by NI 41-101;

"**Time of Closing**" means 8:00 a.m. (Toronto time) on the Closing Date or such other time and date as may be agreed to in writing by the Corporation and the Lead Underwriters, all acting reasonably;

"**TSX**" means the Toronto Stock Exchange;

"**Underlying Shares**" means the Common Shares issuable on the conversion, redemption or maturity of the Debentures in accordance with the terms of the Indenture;

"**Underwriter**" and "**Underwriters**" have the meanings ascribed to such terms above;

"**Underwriters' Fee**" has the meaning ascribed to such term in Section 18; and

"**U.S. Acquisitionco**" means Chesswood US Acquisitionco Ltd., a corporation incorporated under the Laws of the State of Delaware.

(b) Unless otherwise expressly provided in this Agreement, words importing only the singular number include the plural and vice versa and the term "including" means "including without limitation".

(c) Any reference in this Agreement to any Section, Subsection, Paragraph or Schedule shall refer to a section, subsection, paragraph or schedule of this Agreement, unless the context otherwise requires.

(d) All dollar amounts in this Agreement are expressed in Canadian currency.

2. Certain Obligations of the Corporation

(a) The Corporation will fulfil to the satisfaction of the Underwriters' counsel all legal requirements to be fulfilled by the Corporation to enable the Debentures to be offered for sale and sold to the public in each of the Qualifying Jurisdictions by or through the Underwriters and other investment dealers and brokers who comply with the applicable Canadian Securities Laws of the Qualifying Jurisdictions.

(b) The Corporation will (i) prepare and file, promptly after the execution of this Agreement and not later than December 6, 2013 with the Reviewing Authority as principal regulator, and with the Canadian Securities Regulators in each of the other Qualifying Jurisdictions, in accordance with the Shelf Procedures, the Prospectus Supplement including the Shelf Information, and (ii) advise the Underwriters promptly when such filings have been made. The Prospectus Supplement will be in such form as the Corporation and the Underwriters may

mutually agree upon, acting reasonably, and may be filed only upon the deliveries referred to in Subsection 4(d) being completed.

(c) Until the distribution of the Debentures will have been completed, the Corporation will promptly take or cause to be taken all additional steps and proceedings that from time to time may be required under Canadian Securities Laws to continue to qualify the Debentures for distribution in the Qualifying Jurisdictions or in the event that the Debentures have, for any reason, ceased to so qualify, to again so qualify the Debentures.

(d) Prior to the filing of the Prospectus Supplement and any Supplementary Material, the Corporation shall have permitted the Underwriters and their counsel to review the Prospectus Supplement and such Supplementary Material and shall have allowed the Underwriters and their counsel to conduct any due diligence investigations which each of them reasonably requires in order to fulfil its obligations as an underwriter under Canadian Securities Laws and in order to enable it to responsibly execute the certificate in the Prospectus Supplement and such Supplementary Material required to be executed by it where applicable. Following the filing of the Prospectus Supplement and until the completion of the distribution of the Debentures, the Corporation shall allow the Underwriters and their counsel to conduct any due diligence investigations which any of them reasonably requires to confirm as at any date that it continues to have reasonable grounds for the belief that the Prospectus does not contain a misrepresentation as at such date.

(e) During the distribution of the Debentures, the Corporation and the Lead Underwriters, on behalf of the Underwriters, shall approve in writing, prior to such time that Marketing Documents are provided to potential investors, any Marketing Documents reasonably requested to be provided by the Underwriters to any potential investor, such Marketing Documents to comply with Canadian Securities Laws. The Corporation shall file a template version of such Marketing Documents with the Canadian Securities Regulators as soon as reasonably practicable after such Marketing Documents are so approved in writing by the Corporation and the Lead Underwriters and in any event on or before the day the Marketing Documents are first provided to any potential investor, and such filing shall constitute the Underwriters' authority to use such Marketing Documents in connection with the Offering. Any comparables shall be redacted from the template version in accordance with NI 41-101 prior to filing such template version with the Canadian Securities Regulators and a complete template version containing such comparables and any disclosure relating to the comparables, if any, shall be delivered to the Canadian Securities Regulators by the Corporation.

- (f) The Corporation and the Underwriters, on a several basis, covenant and agree:
- (i) not to provide any potential investor with any marketing materials unless a template version of such Marketing Documents has been filed by the Corporation with the Canadian Securities Regulators on or before the day such marketing materials are first provided to any potential investor;
 - (ii) not to provide any potential investor with any materials or information in relation to the distribution of the Debentures or the Corporation other than (A) such Marketing Documents that have been approved and filed in

accordance with Subsection 2(e), (B) the Prospectus and (C) any standard term sheets approved in writing by the Corporation and the Lead Underwriters; and

- (iii) that only Marketing Documents approved and filed in accordance with Subsection 2(e), and any standard term sheets approved in writing by the Corporation and the Lead Underwriters, have been and shall be provided to potential investors.

3. Distribution and Certain Obligations of the Underwriters

(a) The Underwriters may offer the Debentures for sale in the Qualifying Jurisdictions to the public, directly and through other investment dealers and brokers (the Underwriters, together with such other investment dealers and brokers, are referred to herein as the "**Selling Group**"), only as permitted by applicable Canadian Securities Laws, upon the terms and conditions set forth in this Agreement and the Prospectus.

(b) The Underwriters will not solicit offers to purchase or sell the Debentures so as to require registration thereof or filing of a prospectus with respect thereto under the Laws of any jurisdiction (other than the Qualifying Jurisdictions) including the United States of America and will require each member of the Selling Group to agree with the Underwriters not to so solicit or sell.

(c) The Underwriters propose to offer the Debentures initially at the Offer Price. After a reasonable effort has been made to sell all of the Debentures at the Offer Price, the Underwriters may subsequently reduce and thereafter change, from time to time, the price at which the Debentures are offered to an amount not greater than the Offer Price.

(d) The Underwriters will use their commercially reasonable efforts to complete, and to cause the Selling Group to complete, the distribution of the Debentures as promptly as possible and the Lead Underwriters will promptly notify the Corporation in writing of the completion of the distribution of the Debentures by the Selling Group. After the Time of Closing, the Underwriters will provide the Corporation with such information as it may require with respect to the proceeds realized in each of the Qualifying Jurisdictions from the distribution of the Debentures for the purpose of payment of filing fees and as to distribution of the Debentures for the purposes of listing the Debentures and, when issued, the Underlying Shares on the TSX. The Lead Underwriters will also promptly notify the Corporation in writing when, in their opinion, the Underwriters have ceased selling efforts, the Underwriters have terminated all stabilization arrangements related to the Debentures and the syndicate of Underwriters has been terminated.

(e) An Underwriter will not be liable to the Corporation under this Section 3 with respect to a default by another Underwriter under this Section 3.

(f) The obligations of the Underwriters to execute any certificate or deliver any documents pertaining to the filing of the Prospectus Supplement or any Supplementary Material will be conditional upon compliance by the Corporation, to the date of such execution or delivery, with each of its covenants contained in Subsections 2(d), 4(d), 5(b) and 7(a).

4. Delivery of the Prospectus and Related Matters

(a) The Corporation will deliver, without charge, to the Underwriters copies of the Prospectus, signed and certified as required by Canadian Securities Laws, and copies of any Supplementary Material required to be filed by the Corporation under Canadian Securities Laws along with the Prospectus.

(b) The Corporation will furnish the Underwriters, without charge, with commercial copies of the Prospectus in such quantities and deliver to such cities in the Qualifying Jurisdictions as the Underwriters may from time to time reasonably request by written instructions to the Corporation. Such delivery must be made as soon as practicable and in any event within one Business Day of the date of the filing of the Prospectus Supplement, and thereafter from time to time during the distribution of the Debentures, in such cities in the Qualifying Jurisdictions as the Underwriters will notify the Corporation. The Corporation shall promptly furnish the Underwriters, without charge, with commercial copies of any Supplementary Material, as appropriate, in such quantities and deliver to such cities in the Qualifying Jurisdictions as the Underwriters may from time to time reasonably request by written instructions to the Corporation.

(c) Each delivery of any Offering Document to the Underwriters will constitute the consent of the Corporation to the use of such document, as applicable, in connection with the Offering and will constitute the representation and warranty of the Corporation to the Underwriters that, at the respective times of such delivery:

- (i) all information and statements (except information and statements relating solely to the Underwriters and provided by the Underwriters in writing expressly for inclusion therein) contained therein (A) are true and correct in all material respects and contain no misrepresentation and (B) constitute full, true and plain disclosure of all material facts relating to the Offering, the Offered Securities, the Corporation and the Subsidiaries and their respective businesses;
- (ii) such document does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made (except statements or facts relating solely to the Underwriters); and
- (iii) such document complies in all material respects with Canadian Securities Laws.

(d) Prior to or concurrently with the filing of the Prospectus Supplement, the Corporation must deliver, or cause to be delivered, to the Underwriters a comfort letter from the Auditors dated the date of the Prospectus Supplement, in form and substance satisfactory to the Underwriters and their counsel, addressed to the Underwriters and the directors of the Corporation, based on a review completed not more than two Business Days prior to the date of the letter.

(e) During the period commencing on the date hereof and ending on the date of completion of the distribution of the Debentures, the Corporation will promptly provide to the Lead Underwriters and their counsel drafts of any press releases of the Corporation relating to any of the Subsidiaries, the Offering or the businesses of the Corporation or any of the Subsidiaries, for review and approval by the Lead Underwriters and their counsel, which approval will not be unreasonably withheld or delayed, prior to the issuance of such press release.

5. Material Change

(a) During the period of distribution of the Debentures, the Corporation will promptly notify the Underwriters in writing of:

- (i) any material change, or any development involving a prospective material change, in the condition, financial or otherwise, or in the results of operations, business affairs or management of the Corporation and its Subsidiaries considered as a whole, whether or not arising in the ordinary course of business, from that set forth in any Offering Document;
- (ii) any material fact which has arisen or has been discovered and would have been required under Canadian Securities Laws to have been stated in an Offering Document had the fact arisen or been discovered on, or prior to, the date of such Offering Document; and
- (iii) any change in any material fact contained in any Offering Document or the occurrence or existence of any event, as a result of which it is necessary to amend or supplement the Offering Document (A) in order that the Offering Document will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or (B) in order to comply with Canadian Securities Laws.

(b) During the period of distribution of the Debentures, the Corporation will promptly, and in any event within any applicable time limitation, comply with all applicable filings and other requirements under Canadian Securities Laws as a result of such fact or change; provided that the Corporation will not file any Supplementary Material or other document without first providing a copy to and obtaining the approval of the Underwriters, which approval will not be unreasonably withheld or delayed, and will otherwise comply with all legal requirements necessary to continue to qualify the Debentures for distribution in the Qualifying Jurisdictions; it being understood that any such approval will not constitute a waiver of the conditions set forth in Section 9. Prior to the filing of such Supplementary Material, the Corporation will provide to the Underwriters and their counsel reasonable access during normal business hours to the officers, employees, facilities, books and records of the Corporation and its Subsidiaries in order to conduct all due diligence which the Underwriters may reasonably require to conduct in order to fulfill their obligations as Underwriters and in order to enable the

Underwriters to execute any certificates required to be executed by the Underwriters in the Supplementary Material.

(c) In addition to the provisions of Subsections 5(a) and 5(b), the Corporation will in good faith discuss with the Underwriters any change, event or fact contemplated in Subsection 5(a) which is of such a nature that there may be reasonable doubt as to whether notice should be given to the Underwriters under such Subsection.

(d) If at any time during the period of distribution of the Debentures, any event referred to in Paragraphs 5(a)(i), 5(a)(ii) or 5(a)(iii) will have occurred as a result of which it is necessary in the opinion of counsel to the Underwriters or the Corporation, acting reasonably, to file any Supplementary Material, the Corporation will prepare and file promptly with the Canadian Securities Regulators and deliver to the Underwriters any Supplementary Material which, in the opinion of counsel to the Underwriters or the Corporation, acting reasonably, may be necessary or advisable in order to ensure that any Offering Document does not contain any misrepresentation or untrue statement of a material fact or omission of a material fact for the purposes of Canadian Securities Laws.

(e) During the period of distribution of the Debentures, the Corporation will advise the Underwriters promptly after receiving notice or obtaining knowledge thereof, of:

- (i) the time when any Supplementary Material has been filed;
- (ii) any request of any Canadian Securities Regulator for any Supplementary Material or for any additional information;
- (iii) the issuance by any Canadian Securities Regulator or other regulatory authority of any cease trading order relating to the Common Shares or other securities of the Corporation or any of its Subsidiaries, or the institution or threat of institution of any proceedings for that purpose; or
- (iv) the receipt by the Corporation of any communication from any Canadian Securities Regulator or other regulatory authority relating to any Offering Document or the Offering.

The Corporation will use its best efforts to prevent the issuance of any such cease trading or stop order and, if issued, to obtain the withdrawal thereof as soon as possible.

6. Regulatory Approvals

The Corporation will promptly make all necessary filings and use its best efforts, to obtain all necessary regulatory consents and approvals required in connection with the Offering and take such further action as the Underwriters may reasonably request to qualify the Debentures for offering and sale in the Qualifying Jurisdictions under Canadian Securities Laws and to comply with all such Laws so as to permit the continuance of sales and dealings therein in the Qualifying Jurisdictions for as long as may be necessary to complete the distribution of the Debentures.

7. Covenants of the Corporation

The Corporation hereby covenants to the Underwriters that:

- (a) the Corporation will use its best efforts to fulfil, at or prior to the Closing Date, each of the conditions set out in this Agreement;
- (b) the net proceeds to the Corporation from the issuance and sale of the Debentures will be applied in the manner specified under "Use of Proceeds" in the Prospectus Supplement; and
- (c) the Corporation will (i) prior to the filing of the Prospectus Supplement, use its best efforts to cause the TSX to accept the issuance of the Offered Securities on the terms and conditions of this Agreement and approve, or conditionally approve, the listing and posting for trading on the TSX of the Offered Securities on or before the Business Day immediately preceding the Closing Date, subject only to the customary post-closing conditions of the TSX, and (ii) file with the TSX all documents and notices required by the TSX.

8. Representations and Warranties of the Corporation

The Company represents and warrants to the Underwriters and acknowledges that the Underwriters are relying upon the following representations and warranties in completing the transactions contemplated by this Agreement:

- (a) the Corporation and each of the Subsidiaries:
 - (i) is a corporation, trust or partnership, as applicable, that has been duly formed and is validly existing, in the case of the Corporation, under the Laws of the Province of Ontario, and in the case of the Subsidiaries, under the Laws of the jurisdiction set forth opposite its name in Schedule A to this Agreement;
 - (ii) has all requisite power and authority to carry on its business and to own, lease and operate its property and assets; and
 - (iii) in the case of the Corporation, has all requisite power and authority to enter into and perform its obligations under this Agreement and the Indenture;
- (b) the execution and delivery by the Corporation of this Agreement and the Indenture and the performance by the Corporation of its obligations hereunder and thereunder (including the issuance of the Offered Securities and the use of proceeds of the Offering as described in the Prospectus):
 - (i) do not (or will not with the giving of notice, the lapse of time or both) require a consent or approval under, result in a breach or a violation of, or conflict with or result in a default under, or allow any other person to exercise any rights under, or require any consent in respect of (A) the

constating documents of the Corporation or the Subsidiaries, (B) the resolutions of the directors of the Corporation, (C) any judgment, decree, order or award of any Governmental Authority having jurisdiction over the Corporation or the Subsidiaries, or (D) any Contract or permit to which any of the Corporation or the Subsidiaries is a party or by which its business may be affected, except, in each case, any breach, violation, conflict, default or right that would not reasonably be expected to have a Material Adverse Effect;

- (ii) will not result in the violation of any Laws applicable to the Corporation or the Subsidiaries, except where such violation would not have a Material Adverse Effect; and
- (iii) will not give rise to any Lien on or with respect to the property or assets now owned or hereafter acquired by the Corporation or the Subsidiaries or the acceleration of the maturity of any debt under any Contract binding or affecting any of the Corporation or the Subsidiaries or their property;

(c) except as described in the Prospectus, all of the securities of the Corporation and each Subsidiary outstanding on the date hereof are validly authorized, issued and outstanding, as fully paid and non-assessable. All of the securities of the Subsidiaries are owned directly or indirectly by the Corporation (other than the Class B Acquisitionco Shares and the Class C Acquisitionco Shares), free and clear of all Liens, other than those Liens described in the Prospectus;

(d) the Corporation is authorized to issue: (i) an unlimited number of Common Shares, of which, as of the date hereof, 9,966,882 Common Shares are issued and outstanding as fully paid and non-assessable; and (ii) an unlimited number of Special Voting Shares, of which, as of the date hereof, 1,478,537 Special Voting Shares are issued and outstanding as fully paid and non-assessable;

(e) the business and the operations of the Corporation and each Subsidiary have been conducted at all times in material compliance with all Laws and Authorizations, and all such Authorizations are valid and existing and in good standing, except where such failure would not reasonably be expected to have a Material Adverse Effect. There are no facts relating to the properties of the Corporation and the Subsidiaries which are likely to give rise to a violation of Environmental Laws, except where such violation would not reasonably be expected to have a Material Adverse Effect. The Corporation is not aware of any fact that would require any of it or any Subsidiary to make future capital expenditures to conduct investigation, corrective action or remediation of any Hazardous Materials or comply with future with Environmental Laws in respect of its properties that would reasonably be expected to have a Material Adverse Effect. The Corporation has not received any written notice within the last three years alleging in any manner that it or any Subsidiary is responsible, or potentially responsible, for any Release of Hazardous Materials, any penalties or liabilities arising under any Environmental Laws or any violation of Environmental Laws, in each case relating to any of its properties that would reasonably be expected to have a Material Adverse Effect;

(f) the Corporation is a reporting issuer within the meaning of Canadian Securities Laws in each of the Qualifying Jurisdictions and is not in default under the Canadian Securities Laws of any Qualifying Jurisdiction;

(g) the Common Shares are listed and posted for trading on the TSX;

(h) no order suspending the distribution of any of the securities of the Corporation has been issued by any Canadian Securities Regulator or other Governmental Authority and no proceeding for that purpose has been initiated or, to the knowledge of the Corporation, threatened by any Canadian Securities Regulator or other Governmental Authority, and any request on the part of any Canadian Securities Regulator or other Governmental Authority for additional information has been complied with;

(i) other than the framework agreement with, and the limited partnership agreement of, Sherway LP, the Corporation is not party to any Contract which in any manner affects or will affect the voting or control of any of the securities of the Corporation or the Subsidiaries;

(j) this Agreement has been duly authorized, executed and delivered by the Corporation and, assuming due execution and delivery by the other parties thereto, constitutes a legal, valid and binding obligation of the Corporation enforceable against it in accordance with its terms, provided that enforceability may be limited by bankruptcy, insolvency and other similar Laws affecting creditors' rights generally, that specific performance, injunctive relief and other equitable remedies may be granted only in the discretion of a court of competent jurisdiction, that rights of indemnity and/or contribution may be limited by applicable Laws and that provisions purporting to sever prohibited or unenforceable provisions without affecting the enforceability of the remainder of the agreement may be limited by applicable Laws;

(k) at the Time of Closing, the Indenture will be duly authorized, executed and delivered by the Corporation and, assuming due execution and delivery by the other parties thereto, will constitute a legal, valid and binding obligation of the Corporation enforceable against it in accordance with its terms, provided that enforceability may be limited by bankruptcy, insolvency and other similar Laws affecting creditors' rights generally, that specific performance, injunctive relief and other equitable remedies may be granted only in the discretion of a court of competent jurisdiction, that rights of indemnity and/or contribution may be limited by applicable Laws and that provisions purporting to sever prohibited or unenforceable provisions without affecting the enforceability of the remainder of the agreement may be limited by applicable Laws;

(l) the issuance of the Debentures by the Corporation in accordance with the terms of this Agreement and the Indenture, has been authorized by all necessary action of the Corporation, and upon payment therefor in accordance with this Agreement and the Indenture, the Debentures will be validly issued and outstanding as fully paid and non-assessable securities of the Corporation;

(m) the Underlying Shares issuable upon conversion, redemption or maturity of the Debentures have been duly and validly authorized, allotted and reserved for issuance in accordance with the terms of this Agreement and the Indenture and, upon their issuance in

accordance with the terms of the Indenture, the Underlying Shares will be validly issued and outstanding as fully paid and non-assessable Common Shares;

(n) the Corporation has prepared and filed with the Reviewing Authority and the other Canadian Securities Regulators in accordance with the Shelf Procedures, the Base Prospectus and has obtained from the Reviewing Authority receipts for the Base Prospectus for and on behalf of itself and each of the other Canadian Securities Regulators pursuant to the Passport System. The aggregate offering amount of all securities issued pursuant to the Base Prospectus does not and, upon completion of the Offering, will not exceed \$100,000,000, being the maximum allowable amount thereunder. The Corporation is eligible to use the Shelf Procedures;

(o) no Authorization is required by the Corporation or any Subsidiary for the execution and delivery of and the performance by the Corporation of its obligations under this Agreement, the Indenture or the creation, issue, sale and distribution of the Qualified Securities, except as may be required under Canadian Securities Laws and which shall have been obtained on or before the Time of Closing;

(p) the Corporation has obtained or will obtain, on or prior to the Closing Date, all required third party consents under the Contracts to which it or any Subsidiary is a party in connection with the transactions contemplated by this Agreement, the Indenture and the Prospectus, where the failure to obtain such consent would reasonably be expected to have a Material Adverse Effect;

(q) the form and terms of the global certificate for the Debentures, at the Time of Closing, will have been approved and adopted by the directors of the Corporation and comply with all legal requirements, including Canadian Securities Laws and the requirements of the TSX, and will not conflict with the articles or by-laws of the Corporation;

(r) Equity Financial Trust Company is the registrar and transfer agent of the Corporation with respect to the Common Shares and, at the Time of Closing, will have been duly appointed as the indenture trustee under the Indenture with respect to the Debentures;

(s) the Offered Securities conform to the description thereof in the Prospectus;

(t) other than as disclosed in the Prospectus and as contemplated by this Agreement, no person has any Contract or any right or privilege capable of becoming such (i) under which the Corporation or any of the Subsidiaries is, or may become, obligated to issue any of its securities, or (ii) for the purchase of any securities (including any debt) of the Corporation or any of the Subsidiaries, or any part of its business;

(u) neither the Corporation nor any Subsidiary is in violation or default of (i) any provision of its constating documents, (ii) the terms of any Contract or other obligation, condition or covenant to which it is a party or by which it is bound or to which its property is subject, or (iii) any Laws; except, in each case, such violation or default which would not reasonably be expected to have a Material Adverse Effect;

(v) the Corporation and each of the Subsidiaries has good and marketable title to all of its material assets and property. Other than as disclosed in the Prospectus and other than the pledges provided by certain of the Subsidiaries in respect of the obligations of Pawnee Leasing Corporation under its revolving credit facility and the security in respect of the floor plan financing of Sherway LP, there are no Liens relating to the business of the Corporation or any of the Subsidiaries or upon the assets of the Corporation or any of the Subsidiaries;

(w) the Intellectual Property used by the Corporation and the Subsidiaries is owned or duly licensed by the Corporation and the Subsidiaries, as applicable, and, to the knowledge of the Corporation, the Corporation and the Subsidiaries have the right to use such Intellectual Property. To the knowledge of the Corporation, in the conduct of its business, neither the Corporation nor the Subsidiaries infringe or conflict with any Intellectual Property of any third party;

(x) all policies and insurance contracts under which each of the Corporation and the Subsidiaries is insured are in full force and effect;

(y) the Corporation and each of the Subsidiaries has (i) filed (or has had filed on its behalf) all Tax Returns required to be filed or sent by it to any Taxing Authority in any jurisdiction and all of those Tax Returns have been prepared in accordance with the provisions of the applicable Laws and are true, correct and complete in all material respects, (ii) properly paid (or has had paid on its behalf), or will pay when due, all Taxes and all professional fees incurred in connection with such Taxes due or claimed to be due by a Taxing Authority and (iii) properly withheld or collected and remitted all amounts required to be withheld or collected and remitted by it in respect of any Taxes. There are no assessments or investigations in progress, pending or, to the knowledge of the Corporation, threatened against any of the Corporation or the Subsidiaries in respect of Taxes. There are no Liens for Taxes upon the assets of any of the Corporation or the Subsidiaries. Neither the Corporation nor any Subsidiary is a party to any agreement, waiver or arrangement with any Taxing Authority which relates to any extension of time with respect to the filing of any Tax Returns, any payment of Taxes or any assessment thereof;

(z) the Financial Information is true and correct in all material respects, presents fairly, in all material respects, the financial position, financial performance, cash flows and all of the assets and liabilities of the Corporation and the Subsidiaries, on a consolidated basis, for the periods ended on, and as at the dates indicated, and has been prepared in accordance with Canadian GAAP consistently applied and applicable Canadian Securities Laws, and the Corporation is not aware of any fact or circumstance presently existing which would render the Financial Information materially incorrect;

(aa) the Auditors are independent chartered accountants with respect to the Corporation, as required by applicable Canadian Securities Laws and there has not been any reportable event (within the meaning of NI 51-102) with the Auditors;

(bb) since September 30, 2013, the Corporation has not made, or agreed to make, any change in any method of accounting or auditing practice;

(cc) the Financial Data contained in the Offering Documents is presented fairly and is true and correct in all material respects and contains no misrepresentation;

(dd) other than as disclosed in the Prospectus, the Corporation has no liabilities or obligations, whether accrued, absolute, contingent, known, unknown, matured, unmatured or otherwise, and whether or not required under Canadian GAAP to be reflected on the consolidated financial statements of the Corporation incorporated by reference in the Prospectus, other than (i) liabilities and obligations that are reflected, accrued or reserved for in the balance sheet of the Corporation as at September 30, 2013, and (ii) obligations incurred in the ordinary course of business since September 30, 2013 that, in the aggregate, would not reasonably be expected to have a Material Adverse Effect;

(ee) other than as disclosed in the Prospectus, the Corporation and each of the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with Canadian GAAP and to maintain accountability for assets; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to differences; and (v) material information relating to it is made known to those within the Corporation or such Subsidiary responsible for the preparation of the financial statements during the period in which the financial statements have been prepared;

(ff) since September 30, 2013, the Corporation and each of the Subsidiaries has carried on its business in the ordinary course and no event has occurred or circumstances exist which would reasonably be expected to have a Material Adverse Effect;

(gg) there is no material action, suit, proceeding or investigation, at Law or in equity, by any person, or any arbitration, administrative or other proceeding by or before any Governmental Authority that is pending or, to the knowledge of the Corporation, threatened, against or affecting the Corporation or any of the Subsidiaries or any of its properties, rights or assets;

(hh) since September 30, 2013 and other than as disclosed in the Prospectus, the Corporation has not, directly or indirectly (i) authorized, declared or paid any dividends (other than its usual monthly dividend payments to holders of Common Shares) or declared or made any other distribution or return on any of its securities of any class, (ii) redeemed, purchased or otherwise acquired any of its securities of any class or agreed to do so, or (iii) declared or paid any bonuses or excess salary payments;

(ii) other than as disclosed in the Prospectus, none of the directors, officers or employees of the Corporation, any person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation or any of the Subsidiaries or securities of any person exchangeable for more than 10% of any class of securities of the Corporation or any of the Subsidiaries, or any associate or affiliate of any of the foregoing, has or had any interest, direct or indirect, in any material transaction or any proposed material transaction with the Corporation

or any of the Subsidiaries which materially affects, is material to or will materially affect the Corporation and the Subsidiaries or their respective businesses;

(jj) since January 1, 2012, no acquisitions or dispositions have been made by the Corporation or any of the Subsidiaries that are "significant acquisitions" for which the Corporation is required to file a business acquisition report (within the meaning of NI 51-102) and none of the Corporation or any Subsidiary is a party to any Contract with respect to any transaction that would constitute a "proposed acquisition", in each case which would require disclosure in the Prospectus in accordance with Item 10 of Form 44-101F1 – *Short Form Prospectus Distributions*;

(kk) other than as disclosed in the Prospectus, none of the Corporation or the Subsidiaries is a party to any Contract or bound by any obligation that is required under the Canadian Securities Laws to be disclosed in the Prospectus;

(ll) all material information which has been prepared by the Corporation relating to the Corporation and the Subsidiaries and their respective businesses and operations and provided to the Underwriters in connection with the Underwriters' due diligence investigation in respect of the Offering and the preparation of the Prospectus Supplement and any Supplementary Material (and, to the extent that information has been amended or supplemented, such information as amended or supplemented), was, as of the date of such information (or such information as amended or supplemented), true and correct in all material respects, and no fact or facts have been omitted therefrom which would constitute a misrepresentation or would make such information materially misleading; and

(mm) the Prospectus constitutes, and at the Time of Closing will (if applicable, as supplemented by Supplementary Material) constitute, full, true and plain disclosure of all material facts relating to the Offering, the Offered Securities, the Corporation and the Subsidiaries and their respective businesses.

9. Conditions of Closing

The obligations of the Underwriters hereunder are subject to the satisfaction of the following conditions:

(a) the Prospectus Supplement will have been filed with each of the Canadian Securities Regulators and all other steps or proceedings will have been taken that may be necessary in order to qualify the Debentures for distribution by the Underwriters to the public in each of the Qualifying Jurisdictions and to permit the issuance of the Underlying Shares;

(b) at the Time of Closing, the Corporation will cause its counsel, McCarthy Tétrault LLP, to deliver to the Underwriters and their counsel, Davies Ward Phillips & Vineberg LLP, a legal opinion dated the Closing Date, in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, and subject to such assumptions, qualifications and limitations as are reasonable and customary in legal opinions of this type, to the effect that:

- (i) the Corporation is a corporation or partnership, as applicable, that has been duly formed and is validly existing under the Laws of the jurisdiction of its formation;
- (ii) the Corporation has all requisite power and authority to carry on its business and to own, lease and operate its property and assets and to enter into and perform its obligations under this Agreement and the Indenture;
- (iii) all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of this Agreement and the Indenture and the performance of its obligations hereunder and thereunder, and each of this Agreement and the Indenture has been duly executed and delivered on behalf of the Corporation and constitutes a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, subject to bankruptcy, insolvency and other similar Laws affecting creditors' rights generally and by general principles of equity, and subject to the qualifications that rights of indemnity and/or contribution may be limited by applicable Laws and that provisions purporting to sever prohibited or unenforceable provisions without affecting the enforceability of the remainder of the agreement may be limited by applicable Laws;
- (iv) the execution and delivery by the Corporation of this Agreement and the Indenture and the performance of the terms hereof and thereof, the issuance, sale and delivery of the Debentures and the issuance and delivery of the Underlying Shares on the conversion, redemption or maturity of the Debentures in accordance with the terms of the Indenture, do not and will not require a consent or approval under, result in a breach or a violation of, or conflict with or result in a default under, or allow any other person to exercise any rights under, or require any consent in respect of:
 - (A) (i) the constating documents of the Corporation, (ii) the resolutions of the directors of the Corporation, or (iii) any judgment, decree, order or award of any Governmental Authority having jurisdiction over the Corporation;
 - (B) any Laws of the Province of Ontario or the federal Laws of Canada applicable therein that are applicable to the Corporation; and
 - (C) any material Contract to which the Corporation is a party or by which any assets of the Corporation are contractually bound (which material Contracts or other documents may be listed in a schedule to the opinion);

- (v) the Corporation is a reporting issuer within the meaning of Canadian Securities Laws in each of the Qualifying Jurisdictions and is not in default under the Canadian Securities Laws of any Qualifying Jurisdiction;
- (vi) each of the Offering Documents relating to the distribution of the Debentures in the Qualifying Jurisdictions and the execution and filing of such Offering Documents with the Canadian Securities Regulators in the Qualifying Jurisdictions have been duly approved and authorized by all necessary action on the part of the Corporation, and such Offering Documents have been duly executed and filed by or on behalf of the Corporation;
- (vii) all necessary corporate action has been taken by the Corporation to duly authorize and validly issue the Debentures to the Underwriters on the terms and conditions of this Agreement;
- (viii) the form and terms of the global certificate for the Debentures has been approved and adopted by the directors of the Corporation and complies with all legal requirements, including Canadian Securities Laws and the requirements of the TSX, and does not conflict with the articles or by-laws of the Corporation;
- (ix) the Initial Debentures have been issued and are duly authorized, executed and delivered by the Corporation and are enforceable against the Corporation in accordance with the terms of the Indenture;
- (x) all necessary corporate action has been taken by the Corporation to duly authorize, allot and reserve for issuance the Option Debentures in accordance with the terms of this Agreement;
- (xi) all necessary corporate action has been taken by the Corporation to duly authorize, allot and reserve for issuance the Underlying Shares issuable on the conversion, redemption or maturity of the Debentures, and such Underlying Shares will, upon their issuance in accordance with the terms of the Indenture, be validly issued and outstanding as fully-paid and non-assessable Common Shares;
- (xii) the issuance of the Underlying Shares on the conversion, redemption or maturity of the Debentures in accordance with the terms of the Indenture will be exempt from the prospectus and registration requirements of Canadian Securities Laws and no documents are required to be filed, proceedings taken or approvals, permits, consents, orders or Authorizations obtained under Canadian Securities Laws to permit such issuance;
- (xiii) receipts have been obtained in respect of the Base Prospectus and any Prospectus Amendment (if applicable) from or on behalf of each of the Canadian Securities Regulators pursuant to the Passport System and all

other necessary documents have been filed, all requisite proceedings have been taken and all other legal requirements have been fulfilled under the applicable Laws of each of the Qualifying Jurisdictions to qualify the distribution of the Debentures to the public in each of the Qualifying Jurisdictions by or through dealers registered under the applicable Canadian Securities Laws of each of the Qualifying Jurisdictions who have complied with the relevant provisions of such Laws and to permit the issuance of the Underlying Shares;

- (xiv) no documents are required to be filed, proceedings to be taken or approvals, permits, consents, orders or Authorizations obtained under Canadian Securities Laws to permit the first trade of the Underlying Shares by or through persons or companies who are duly registered under applicable Canadian Securities Laws who have complied with the relevant provisions of such Laws and the terms of their registration, or pursuant to an exemption from the dealer registration requirements under Canadian Securities Laws; provided that such trade is not a "control distribution" within the meaning of National Instrument 45-102 – *Resale of Securities*;
- (xv) there are no legal proceedings pending or, to the knowledge of such counsel, threatened on which such counsel has been retained and to which the Corporation is a party that, if determined adversely to the Corporation, would reasonably be expected to affect the legality, validity or enforceability of this Agreement or the Indenture, the issuance, sale and delivery of the Offered Securities or the Offering;
- (xvi) the Offered Securities have been approved, or conditionally approved, for listing on the TSX, subject only to the customary post-closing conditions of the TSX;
- (xvii) Equity Financial Trust Company has been duly appointed as the indenture trustee under the Indenture with respect to the Debentures;
- (xviii) the attributes and characteristics of the Offered Securities conform in all material respects with the statements relating thereto contained in the Prospectus;
- (xix) the statements in the Prospectus Supplement under the headings "Eligibility for Investment", "Purchasers' Statutory Rights" and "Purchasers' Contractual Rights" and the statements in the Base Prospectus under the headings "Purchasers' Statutory Rights of Withdrawal and Rescission" insofar as such statements constitute statements of Canadian federal or Ontario Law, have been reviewed by such counsel and fairly summarize the matters described therein and are accurate in all material respects; and

- (xx) subject to the assumptions and qualifications set out therein, the statements as to matters of the Laws of Canada under the heading "Certain Canadian Federal Income Tax Considerations" in the Prospectus Supplement are accurate in all material respects.

In connection with such opinion, counsel to the Corporation, McCarthy Tétrault LLP, may rely on the opinions of local counsel acceptable to counsel to the Underwriters, Davies Ward Phillips & Vineberg LLP, as to form, substance and choice of counsel, acting reasonably, where it deems such reliance proper (or may arrange for the provision of such opinions directly to the Underwriters and their counsel) and may rely, to the extent appropriate in the circumstances, as to matters of fact on certificates of the Auditors, public and stock exchange officials, and, to the extent appropriate in the circumstances, as to matters of fact on certificates of officers of the Corporation.

(c) at the Time of Closing, the Underwriters and the directors of the Corporation will have received from the Auditors of the Corporation a comfort letter addressed to the Underwriters and the directors of the Corporation dated the Closing Date, in form and substance satisfactory to the Underwriters and their counsel, acting reasonably, bringing forward to a date not earlier than two Business Days prior to the Closing Date the information contained in the comfort letter referred to in Subsection 4(d);

(d) at the Time of Closing, the Underwriters will have received certificates dated the Closing Date, addressed to the Underwriters and signed by two senior officers of the Corporation, as may be acceptable to the Underwriters, in form and content satisfactory to the Underwriters and their counsel, acting reasonably, with respect to (i) the constating documents of the Corporation, (ii) the resolutions of the directors of the Corporation related to the Offering, and (iii) the incumbency and signatures of the signing officers of the Corporation;

(e) at the Time of Closing, the Underwriters will have received a certificate dated the Closing Date, addressed to the Underwriters and their counsel, signed by two senior officers of the Corporation, as may be acceptable to the Underwriters, in form and content satisfactory to the Underwriters and their counsel, acting reasonably, certifying for and on behalf of the Corporation (without personal liability), after having made due inquiry, to those matters as the Underwriters may reasonably request, including to the effect that:

- (i) the Corporation has complied with all the covenants and satisfied all the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Time of Closing;
- (ii) without bringing forward any date expressly referenced in a specific representation, the representations and warranties of the Corporation contained in this Agreement are true and correct in all material respects at the Time of Closing with the same force and effect as if made at and as of the Time of Closing;
- (iii) there has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition,

financial or otherwise, or in the operating results, business or management of the Corporation and the Subsidiaries considered as a whole, whether or not arising in the ordinary course of business, from that set forth in any Offering Document; and

- (iv) the representations and warranties of the Company arising by reason of the delivery of the Offering Documents are true and correct on and as at the Closing Date as if those documents had been dated the Closing Date and delivered to the Underwriters on that date;

(f) all actions required to be taken by or on behalf of the Corporation and its Subsidiaries, as applicable, including the passing of all requisite resolutions of the directors of the Corporation and all requisite filings with any Governmental Authority, will have occurred at or prior to the Time of Closing so as to:

- (i) validly authorize the execution and filing of the Offering Documents;
- (ii) execute and deliver this Agreement and the Indenture and all other documents and certificates contemplated hereunder and thereunder; and
- (iii) issue, sell and deliver the Debentures and authorize, allot and reserve for issuance the Underlying Shares on the conversion, redemption or maturity of the Debentures in accordance with the terms of this Agreement;

(g) the Corporation shall have complied with all of the terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Time of Closing;

(h) on or before the Closing Date, the Underwriters will have received evidence satisfactory to the Underwriters of the approval, or conditional approval, of the listing and posting for trading on the TSX of the Offered Securities on or before the Business Day immediately preceding the Closing Date, subject only to satisfaction by the Corporation of the customary post-closing conditions of the TSX;

(i) at or prior to the Time of Closing, the Underwriters will have received a certificate from Equity Financial Trust Company confirming, among other things, that Equity Financial Trust Company has been appointed as indenture trustee under the Indenture and is resident or authorized to do business in each of the Qualifying Jurisdictions; and

(j) at or prior to the Time of Closing, the Underwriters will have received such further certificates, documents, opinions and other information as they may have reasonably requested.

10. Closing

(a) The sale of the Initial Debentures pursuant to this Agreement will be completed at the Time of Closing at the offices of McCarthy Tétrault LLP, Suite 5300, 66 Wellington Street West, Toronto-Dominion Centre, Toronto, Ontario, or at such other place as the Corporation and the Underwriters may agree to in writing.

(b) At the Time of Closing, subject to the terms and conditions contained in this Agreement, the Corporation will deliver to the Lead Underwriters, on behalf of the Underwriters, one global "book-entry" certificate representing the Initial Debentures, registered in the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc. and its successors in interest ("CDS"), or in such other name or names as the Underwriters may notify to the Corporation in writing not less than two Business Days prior to the Closing Date, against payment to the Corporation, or as the Corporation may direct to the Underwriters in writing not less than one full Business Day prior to the Closing Date, of aggregate purchase price for the Initial Debentures less the Initial Fee by electronic funds transfer or other means of providing immediately available funds in Canadian dollars in respect of the Initial Debentures payable at par in Toronto, Ontario. The Corporation will cause the Initial Debentures to be issued in "book-entry only" form and to thereafter be purchased, transferred, converted or redeemed through participants in the depository service of CDS (including entering into such agreements with CDS and or the transfer agent for the Debentures as is customary).

(c) If the Underwriters exercise the Over-Allotment Option in accordance with Section 11, the closing of the purchase and sale of the Option Debentures will be completed at the time specified in the Option Notice at the offices of McCarthy Tétrault LLP, Suite 5300, 66 Wellington Street West, Toronto-Dominion Centre, Toronto, Ontario, or at such other place as the Corporation and the Underwriters may agree to in writing. At the time of closing of the Over-Allotment Option, subject to the terms and conditions contained in this Agreement, the Corporation will deliver to the Lead Underwriters, on behalf of the Underwriters, one global certificate representing the Option Debentures, registered in the name of CDS & Co., as nominee for CDS, or in such other name or names as the Lead Underwriters may notify to the Corporation in writing not less than two Business Days prior to the closing of the Over-Allotment Option, against payment to the Corporation, or as the Corporation may direct to the Underwriters in writing not less than one Business Day prior to the closing of the Over-Allotment Option, of the aggregate purchase price for the Option Debentures less the Option Fee by electronic funds transfer or other means of providing immediately available funds in Canadian dollars in respect of the Option Debentures payable at par in Toronto, Ontario. In connection with the closing of the Over-Allotment Option, the Corporation shall deliver to the Underwriters all further documentation as may be contemplated in this Agreement or as counsel to the Underwriters may reasonably require.

11. Exercise of Over-Allotment Option

The Underwriters shall not be under any obligations to purchase any of the Option Debentures prior to the exercise of the Over-Allotment Option. The Lead Underwriters, on behalf of the Underwriters, may exercise the Over-Allotment Option, in whole or in part, at any time up to 30 days following the Closing Date by delivery of written notice to the Corporation (an "**Option Notice**") specifying the date and time of closing of the Over-Allotment Option (which shall be a Business Day not later than 30 days following the Closing Date) and the number of Option Debentures in respect of which the Over-Allotment Option is being exercised. Upon delivery of the Option Notice, the Corporation shall become obligated to issue and sell the total number of Option Debentures in respect of which the Underwriters are exercising the Over-Allotment Option, to each of the Underwriters and, subject to the terms and conditions herein set forth, each Underwriter severally and not jointly shall become obligated to purchase from the

Corporation the same percentage of the total number of the Option Debentures in respect of which the Underwriters are then exercising the Over-Allotment Option as such Underwriter is obligated to purchase of the aggregate number of Initial Debentures (adjusted if necessary to avoid fractional securities).

12. Indemnification and Contribution

(a) Subject to terms of this Section 12, the Corporation (the "**Indemnifying Party**") shall indemnify and save harmless each of the Underwriters, each of their respective subsidiaries and each of their respective shareholders, directors, officers, employees, partners, agents, each other person, if any, controlling each Underwriter or any of their respective subsidiaries, and each shareholder of each Underwriter (collectively, the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against any and all losses (other than loss of profits), expenses, claims (including shareholder actions, derivative or otherwise), actions, damages and liabilities, joint or several, including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of the Underwriters' counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, the "**Claims**") to which any Indemnified Party may become subject or otherwise involved in any capacity insofar as Claims relate to, are caused by, result from, arise out of or are based upon, directly or indirectly:

- (i) any breach of or default under any representation, warranty, covenant or agreement of the Corporation in this Agreement or any other document or certificate to be delivered by the Corporation pursuant hereto or the failure of the Corporation to comply with any of its obligations hereunder or thereunder;
- (ii) any information or statement (except any information or statement relating solely to any of the Underwriters and provided in writing by the Underwriters for inclusion therein) in any Offering Document or any material filed by or on behalf of the Corporation in compliance or intended compliance with Canadian Securities Laws being or being alleged to be a misrepresentation or untrue, or any omission or alleged omission to state therein any information;
- (iii) any order made or inquiry, investigation or proceeding commenced or threatened by any Canadian Securities Regulator or other competent authority having jurisdiction over the Corporation based upon any failure of the Corporation or any of the Subsidiaries to comply with Canadian Securities Laws or based upon any untrue statement or omission or alleged untrue statement or alleged omission or any misrepresentation or alleged misrepresentation (except a statement or omission or alleged statement or omission or a misrepresentation or alleged misrepresentation relating solely to any of the Underwriters) in any Offering Document;

- (iv) any order made or inquiry, investigation or proceeding commenced or threatened by any Canadian Securities Regulator or other competent authority having authority over the Corporation based on the failure of the Corporation to comply with Canadian Securities Laws (other than any failure or alleged failure to comply by any of the Underwriters) which operates to prevent or restrict the trading in or the sale of the Debentures or the Common Shares or related activities in any jurisdiction; or
- (v) any non-compliance or alleged non-compliance by the Corporation or any of the Subsidiaries with any Canadian Securities Laws, or any breach or violation or alleged breach or violation of any Canadian Securities Laws including non-compliance by the Corporation or any of the Subsidiaries with any statutory requirement to make any document available for inspection,

provided that the foregoing indemnity shall cease to apply to the extent that a court of competent jurisdiction in a final judgment that has become non-appealable shall determine that any losses, expenses, claims, actions, damages or liabilities to which the Indemnified Party may be subject resulted from the gross negligence or wilful misconduct of any Indemnified Party. For greater certainty, the Corporation and the Underwriters agree that they do not intend that any failure by the Underwriters to conduct such reasonable investigation as necessary to provide the Underwriters with reasonable grounds for believing any Offering Document contained no misrepresentation shall constitute gross negligence or wilful misconduct for purposes of this Section 12 or otherwise disentitle the Underwriters from indemnification hereunder.

(b) Promptly after receiving notice of a Claim or receipt of notice of the commencement of any investigation which is based, directly or indirectly, upon any matter in respect of which indemnification may be sought from the Indemnifying Party, an Indemnified Party will notify the applicable Indemnifying Party in writing of the particulars thereof, provided that the omission to so notify an Indemnifying Party shall not relieve the Indemnifying Party of any liability which it may have to any Indemnified Party except and only to the extent that any such delay in or failure to give notice as herein required prejudices the defence of such action, suit, proceeding, investigation or claim or results in any increase in the liability which the Indemnifying Party has under this indemnity.

(c) The Indemnifying Party shall, subject as hereinafter provided, be entitled (but not required) to assume the defence on behalf of the Indemnified Party of any suit brought by any person to enforce such Claim; provided that the defence shall be through legal counsel selected by the Indemnifying Party and acceptable to the Indemnified Party, acting reasonably, and no admission of liability shall be made by the Indemnifying Party or the Indemnified Party without, in each case, the prior written consent of all the Indemnified Parties affected and the Indemnifying Party, in each case, such consent not to be unreasonably withheld or delayed. An Indemnified Party shall have the right to employ separate counsel in any such suit and participate in the defence thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless:

- (i) the Indemnifying Party fails to assume the defence of such suit on behalf of the Indemnified Party within 14 days of receiving notice of such suit or, having assumed such defence, has failed to diligently pursue same;
- (ii) the employment of such counsel has been authorized in writing by an Indemnifying Party; or
- (iii) the named parties to any such suit (including any added or third parties) include the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have been advised in writing by counsel that there is an actual or potential conflict in the Indemnifying Party's and the Indemnified Party's respective interests or additional defences are available to the Indemnified Party, which makes representation by the same counsel inappropriate;

(in each of cases 12(c)(i), 12(c)(ii) and 12(a)(iii), the Indemnifying Party shall not have the right to assume the defence of such suit on behalf of the Indemnified Party, but the Indemnifying Party shall be liable to pay the reasonable fees and disbursements of only one firm of separate counsel in any one jurisdiction for all Indemnified Parties).

(d) The Corporation hereby acknowledges and agrees that, with respect to Sections 12 and 13 hereof, the Underwriters are contracting on their own behalf and as agents for their affiliates, directors, officers, employees and agents and their respective directors, officers, employees and agents (collectively, the "**Beneficiaries**"). In this regard, each of the Underwriters shall act as trustee for the Beneficiaries of the covenants of the Corporation under Sections 12 and 13 hereof with respect to the Beneficiaries and accepts these trusts and shall hold and enforce such covenants on behalf of the Beneficiaries.

(e) The rights of indemnity contained in this Section 12 shall not enure to the benefit of any of the Underwriters or any other Indemnified Party if the Corporation has complied with the provisions of Sections 2, 4 and 5 hereof and the person asserting any Claim contemplated by this Section 12 was not provided with a copy of the Offering Document which corrects any untrue statement or information, misrepresentation or omission which is the basis of such Claim and which is required under Canadian Securities Laws to be delivered to such person by the Underwriters or members of their banking or selling group (if any).

(f) Neither the Corporation nor any Underwriter will, without each of the other's prior written consent, settle, compromise, consent to the entry of any judgement in or otherwise seek to terminate any action, suit, proceeding, investigation or claim in respect of which indemnification may be sought hereunder (whether or not any Indemnified Party is a party thereto) unless such settlement, compromise, consent or termination includes a release of each Indemnified Party from any liabilities arising out of such action, suit, proceeding, investigation or claim.

(g) If any Claim is brought in connection with the transactions contemplated by this Agreement and any of the Underwriters is required to testify in connection therewith or is

required to respond to procedures designed to discover information relating thereto, it will have the right, acting reasonably, to employ its own counsel in connection therewith, and the reasonable fees and disbursements of such counsel in connection therewith as well as its reasonable fees at the normal per diem rate for its directors, officers, employees and agents involved in preparation for and attendance at such proceedings or in so responding and any other reasonable costs and out-of-pocket expenses incurred by it in connection therewith will be paid by the Corporation as they are incurred.

(h) The obligations under this Section 12 shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

13. Contribution

(a) In order to provide for just and equitable contribution in circumstances in which the indemnity provided in Section 12 hereof would otherwise be available in accordance with its terms but is, for any reason not solely attributable to any one or more of the Indemnified Parties, held to be unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, or is insufficient to hold any Indemnified Party harmless, the Indemnifying Party shall contribute to the amount paid or payable by the Indemnified Parties as a result of such Claim in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnifying Party, on the one hand, and the Indemnified Parties, on the other hand, but also the relative fault of the Indemnifying Party and the Indemnified Parties as well as any relevant equitable considerations; provided that in no event will the Indemnified Parties be liable to pay or contribute an amount in excess of the aggregate amount of the fees actually received by the Indemnified Parties under this Agreement. However, no party who has been determined by a court of competent jurisdiction, in a final judgement from which no appeal can be made to have engaged in any gross negligence or wilful misconduct shall be entitled to claim contribution from any person who has not also been determined by a court of competent jurisdiction, in a final judgement from which no appeal can be made to have engaged in such gross negligence or wilful misconduct.

(b) For greater certainty, in the event of unenforceability or unavailability of the indemnity provided in Section 12, the Indemnifying Party shall not have any obligation to contribute pursuant to this Section 13 in respect of any Claim except to the extent the indemnity given by it in Section 12 hereof would have been applicable to such Claim in accordance with its terms, had such indemnity been found to be enforceable and available to the Indemnified Parties, subject to the limitations in Section 12.

(c) The rights to contribution provided in this Section 13 shall be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law provided that Subsections 13(a) and 13(b) shall apply, *mutatis mutandis*, in respect of such other right.

(d) The obligations under this Section 13 shall apply whether or not the transactions contemplated by this Agreement are completed and shall survive the completion of the transactions contemplated under this Agreement and the termination of this Agreement.

14. Expenses

(a) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, the Corporation covenants and agrees with the Underwriters that it will pay or cause to be paid all expenses and fees in connection with the Offering, including the following:

- (i) all expenses of or incidental to the issue, sale or distribution of the Debentures in the Qualifying Jurisdictions and the filing of the Offering Documents;
- (ii) the fees, disbursements and expenses of the Corporation's counsel and the Auditors in connection with the qualification for distribution of the Debentures in the Qualifying Jurisdictions and preparation of the Auditors' comfort letters;
- (iii) the fees and expenses in connection with the preparation, printing and filing of the Offering Documents and the mailing and delivering of copies thereof to the Underwriters and the Selling Group; and
- (iv) all reasonable out-of-pocket expenses of the Underwriters including the reasonable fees (plus applicable taxes and disbursements) related to the services provided by the Underwriters' counsel.

(b) All expenses payable to the Underwriters under this Section 14 shall be payable immediately upon receipt by the Corporation of an invoice for such fees and expenses from the Lead Underwriters.

15. All Terms to be Conditions

The Corporation agrees that the conditions contained in Section 9 will be complied with insofar as the same relate to acts to be performed or caused to be performed by the Corporation and that it will use its best efforts to cause all such conditions to be complied with. All other terms of this Agreement will be and will be deemed to be conditions, and any breach or failure to comply with any such terms or any of the conditions set out in Section 9 will entitle any of the Underwriters to terminate their obligations under the Agreement by written notice to that effect given to the Corporation at or prior to the Time of Closing. It is understood that the Underwriters may waive, in whole or in part, or extend the time for compliance with, any of such terms and conditions without prejudice to the rights of the Underwriters in respect of any such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on an Underwriter any such waiver or extension must be in writing and signed by such Underwriter.

16. Termination by the Underwriters Upon the Occurrence of Certain Events

(a) Each of the Underwriters, in its absolute discretion, will also be entitled to terminate its obligations under this Agreement by written notice to that effect given to the

Corporation and the Lead Underwriters at or prior to the Time of Closing if, since the date of this Agreement:

- (i) (A) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) is instituted, announced or threatened or any order is issued by any Governmental Authority or otherwise in respect of the Corporation or any of its directors and officers (other than an inquiry, investigation, proceeding or order based upon the activities or alleged activities of the Underwriters); (B) there is any change of Law, or the interpretation or administration thereof; or (C) any order to cease trading (including communicating with persons in order to obtain expressions of interest) in the securities of the Corporation is made by a Governmental Authority and that order is still in effect, which in the reasonable opinion of such Underwriter operates to prevent or restrict the trading in the Debentures or the distribution of the Qualified Securities or which in the reasonable opinion of such Underwriter, acting in good faith, could be expected to have a material adverse effect on the market price or value of the Debentures;
- (ii) there shall occur any material change in the business, financial condition, assets, liabilities (contingent or otherwise), results of operations of the Corporation and its related entities (taken as a whole), or there shall exist or be discovered by such Underwriter any material fact which is, or may be, untrue, false or misleading in a material respect or result in a misrepresentation (other than a change or fact related solely to the Underwriters), which in the reasonable opinion of such Underwriter could be expected to have a material adverse effect on the market price or value of the Debentures; or
- (iii) there should develop, occur or come into effect or existence any event, action, state, condition or occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions or any action, Law, regulation or inquiry which, in the reasonable opinion of the such Underwriter, materially adversely affects or involves, or may materially adversely affect or involve, the financial markets in Canada or the United States, or the business, operations or affairs of the Corporation and its Subsidiaries taken as a whole, or the market price or value of the Debentures.

(b) If this Agreement is terminated by an Underwriter pursuant to Subsection 16(a), there will be no further liability on the part of the Underwriter or of the Corporation to the Underwriter, except in respect of any liability which may have arisen or may thereafter arise under Sections 11.

(c) The right of an Underwriter to terminate the obligations of the Underwriter under this Section 16 is in addition to such other remedies that they may have in respect of any default, act or failure to act of the Corporation in respect of any of the matters contemplated by this Agreement.

17. Restrictions on Further Issues or Sales

(a) Subject to Subsection 17(b), the Corporation hereby agrees that, without the prior written consent of the Lead Underwriters (which consent will not be unreasonably withheld or delayed), it will not, during the period ending 90 days following the Closing Date: (i) offer, issue, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, (A) any Debentures, Common Shares or securities convertible into or exercisable or exchangeable for Common Shares or (B) any other securities with provisions or characteristics substantially similar to the Debentures; or (ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Common Shares or such other securities, whether any such transaction is to be settled by delivery of Common Shares or such other securities, in cash or otherwise.

(b) Subsection 17(a) will not apply to: (i) the issuance of Offered Securities in accordance with the terms of this Agreement; (ii) issuances of Common Shares or other financial instruments convertible or exchangeable into Common Shares in order to satisfy existing instruments already issued as of the date hereof; (iii) issuances of securities under the Corporation's equity incentive plan; and (v) issuances of securities for financing and/or as partial consideration for potential acquisitions.

18. Compensation of the Underwriters

The Corporation will pay to the Underwriters at the Time of Closing a fee (the "**Initial Fee**") of \$900,000, being a fee equal to 4.5% (exclusive of federal sales tax, harmonized sales tax and provincial sales tax, if applicable) of the aggregate purchase price of the Initial Debentures or \$45 per Initial Debenture and a fee (the "**Option Fee**", collectively with the Initial Fee, the "**Underwriters' Fee**") equal to 4.5% (exclusive of federal sales tax, harmonized sales tax and provincial sales tax, if applicable) of the aggregate purchase price of the Option Debentures in respect of which the Over-Allotment Option has been exercised, or \$45 per such Option Debenture.

19. Obligations of the Underwriters to be Several

(a) The obligation of the Underwriters to purchase the Initial Debentures and the Option Debentures (if the Option is exercised) will be several, and not joint nor joint and several, and will be as to the following percentages of the Debentures to be purchased at any such time:

National Bank Financial Inc.	32.5%
RBC Dominion Securities Inc.	32.5%

Cormark Securities Inc.	25.0%
Canaccord Genuity Corp.	10.0%

(b) If one of the Underwriters fails to purchase its applicable percentage of the aggregate amount of the Debentures which it has agreed to purchase under this Agreement (the Debentures in respect of which the defaulting Underwriter(s) fail to purchase hereinafter called the "**Defaulted Securities**"), the other Underwriters will have the right, but will not be obligated, to purchase, all but not less than all, of the Defaulted Securities; provided that if the number of Defaulted Securities does not exceed 10% of the number of Initial Debentures or Option Debentures, as applicable, to be purchased hereunder, the non-defaulting Underwriters shall be obligated, each severally and not jointly, to purchase the full amount of the Defaulted Securities in the proportions that their respective underwriting obligations bear to the underwriting obligation of all non-defaulting Underwriters. If, with respect to the Defaulted Securities, any non-defaulting Underwriter elects not to exercise its right to acquire the Defaulted Securities so as to assume the entire obligation of the defaulting Underwriter and the number of Defaulted Securities exceeds 10% of the number of Initial Debentures or Option Debentures, as applicable, to be purchased hereunder, then the non-defaulting Underwriters will not be obliged to purchase the Defaulted Securities and, if the non-defaulting Underwriters do not elect to purchase the Defaulted Securities:

- (i) the non-defaulting Underwriters will not be obliged to purchase any of the Initial Debentures or Option Debentures, as applicable;
- (ii) the Corporation will not be obliged to sell less than all of the Initial Debentures or Option Debentures, as applicable; and
- (iii) the Corporation will be entitled to terminate its obligations hereunder without liability to the non-defaulting Underwriters, except under Sections 12, 13 and 14.

20. Authority of the Lead Underwriters

The Lead Underwriters are hereby authorized by the other Underwriters to act on their behalf, and the Corporation will be entitled to and will act on any notice, waiver, extension or other communication given by or on behalf of the Underwriters by the Lead Underwriters which will represent the Underwriters and which will have the authority to bind the Underwriters in respect of all matters hereunder, except in respect of any waiver of the conditions under Section 9, any settlement under Section 12, any notice of termination pursuant to Section 16 which notice may be given by any of the Underwriters or any amendment to this Agreement which must be signed by all of the Underwriters. The Lead Underwriters will consult fully with the other Underwriters with respect to any such notice, waiver, extension or other communication.

21. Notice

Any notice or other communication required or permitted to be given hereunder will be in writing and will be delivered in the case of:

- (a) the Corporation, to:

Chesswood Group Limited
4077 Chesswood Drive
Toronto, Ontario
M3J 2R8

Attention: Barry Shafran
Facsimile: 416.386.3085

with a copy to:

McCarthy Tétrault LLP
Toronto-Dominion Centre
66 Wellington Street West, Suite 5300
Toronto, Ontario
M5K 1E6

Attention: Gary Litwack
Fax No.: 416.868.0673

to the Underwriters:

- (b) National Bank Financial Inc., to:

The Exchange Tower
130 King Street West, Suite 3200
Toronto, Ontario
M5X 1J9

Attention: Peter Jelley
Facsimile: 416.869.6411

- (c) RBC Dominion Securities Inc., to:

Royal Bank Plaza
4th Floor, South Tower
200 Bay Street
Toronto, Ontario
M5J 2W7

Attention: John Bylaard
Facsimile: 416.842.7650

- (d) Cormark Securities Inc., to:

Royal Bank Plaza
South Tower, Suite 2800
200 Bay Street
Toronto, Ontario
M5J 2J2

Attention: Roger Poirier
Facsimile: 416.943.6496

- (e) Canaccord Genuity Corp., to:

161 Bay Street, Suite 3100
Toronto, Ontario
M5J 2S1

Attention: Alan Polak
Facsimile: 416.869.3876

with a copy to:

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, Ontario
M5V 3J7

Attention: Mindy Gilbert
Fax: 416.863.0871

The Corporation and the Underwriters may change their respective addresses for notices by notice given in the manner aforesaid. Any such notice or other communication will be in writing, and unless delivered to a responsible officer of the addressee, will be given by registered mail, courier or facsimile, and will be deemed to have been given when such notice should have reached the addressee in the ordinary course, provided there is no strike by postal employees in effect or other circumstances delaying mail or delivery, in which case notice will be delivered or given by facsimile.

22. Miscellaneous

(a) This Agreement is governed by and interpreted in accordance with the Laws of the Province of Ontario and the federal Laws of Canada applicable therein, without regard to principles of conflicts of laws.

- (b) Time is of the essence hereof.

(c) If any provision of this Agreement is determined to be void or unenforceable, in whole or in part, such void or unenforceable provision will not affect or impair the validity of any other provision of this Agreement and will be severable from this Agreement.

(d) All representations, warranties, covenants and agreements of the Corporation contained herein or contained in documents submitted pursuant to this Agreement and in connection with the transactions contemplated herein will survive the distribution of the Debentures and the termination of this Agreement and will continue in full force and effect for the benefit of the Underwriters, regardless of any investigation by or on behalf of the Underwriters with respect thereto.

(e) This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which when taken together will constitute one and the same agreement.

[Remainder of page intentionally left blank.]

If this Agreement accurately reflects the terms of the transactions which we are to enter into and are agreed to by you, please communicate your acceptance by executing the enclosed copies of this Agreement where indicated and returning them to us.

Yours very truly,

NATIONAL BANK FINANCIAL INC.

by (signed) Peter Jelley
Name: Peter Jelley
Title: Managing Director

RBC DOMINION SECURITIES INC.

by (signed) John Bylaard
Name: John Bylaard
Title: Managing Director

CORMARK SECURITIES INC.

by (signed) Roger Poirier
Name: Roger Poirier
Title: Managing Director

CANACCORD GENUITY CORP.

by (signed) Alan Polak
Name: Alan Polak
Title: Managing Director

The foregoing is hereby accepted on the terms set forth above.

DATED December 6, 2013.

CHESSWOOD GROUP LIMITED

by (signed) Barry Shafran
Name: Barry Shafran
Title: President & Chief Executive
Officer

SCHEDULE A

<u>Column 1 - Name of Subsidiary</u>	<u>Column 2 - Jurisdiction of Incorporation of Subsidiary</u>	<u>Column 3 - Percentage of Direct or Indirect Ownership of each Subsidiary by the Corporation</u>
Chesswood GP Beneficiary Limited	Ontario	100%
Chesswood GP Limited	Ontario	100%
Chesswood General Partner Trust	Ontario	100%
Chesswood Holding LP	Manitoba	100%
Chesswood Holdings Ltd.	Ontario	100%
Sherway Limited Partnership	Manitoba	100%
Lease-Win Limited	Ontario	100%
Case Funding Inc.	Delaware	100%
Chesswood US Acquisitionco Ltd.	Delaware	100% of voting securities
Pawnee Leasing Corporation	Colorado	100%
Windset Capital Corporation	Delaware	100%