

## STOCK OPTION AGREEMENT

**THIS AGREEMENT** made as of the 27th day of April, 2015.

**BETWEEN:**

**NAHEEL SULEMAN**

(the “**Optionor**”)

**OF THE FIRST PART**

**AND:**

**PACE DEVELOPMENTS INC.**

(the “**Optionee**”)

**OF THE SECOND PART**

**WHEREAS** the Optionor is the legal and beneficial owner of all of the outstanding common shares in the capital of the Optionor, being 100 such common shares (“**Common Shares**”) of 2462357 Ontario Inc. (the “**Corporation**”);

**AND WHEREAS** the Optionor desires to grant the Optionee an option to purchase the Common Shares exercisable on and subject to the terms set out herein;

**THIS AGREEMENT WITNESSETH** that in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

### Option

1. The Optionor hereby grants to the Optionee, subject to the terms and conditions hereinafter set out, an irrevocable option (the “**Option**”) to purchase the Common Shares, as constituted at the date of this Agreement (the “**Optioned Shares**”), at a price of \$1.00 per Optioned Share.

### Expiry Date

2. The Option may be exercised any time (the “**Exercise Period**”) following the earlier of:

- (a) the approval of a Plan of Compromise or Arrangement (“**CCAA Plan**”) pursuant to the *Companies’ Creditors Arrangement Act (Canada)* (“**CCAA**”) in respect of Hush Homes Inc., Hush Inc., 2122763 Ontario Inc., 2142301 Ontario Inc. and 2164566 Ontario Inc. (collectively the “**Applicants**”) by the Ontario Superior Court of Justice (“**Court**”);
- (b) the rejection of any CCAA Plan in respect of the “Applicants by their creditors; and
- (c) the abandonment by the Applicants or termination by the Court of CCAA proceedings initiated in respect of the Applicants;

provided, however, that such exercise shall be prior to 5:00 p.m. (Toronto time) on May 15, 2025 (the “**Expiry Date**”). On the Expiry Date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Optioned Shares in respect of which the Option hereby granted has not then been exercised.

#### Vesting

3. The Option is fully vested and exercisable by the Optionee as of May 1, 2015 unless the Corporation has repaid or refinanced all of its indebtedness to MarshalZehr Group Inc., inclusive of all interest and fees due or accruing due thereon or payable now or deferred in respect thereof.

#### Exercise of Option

4. (a) Subject to the foregoing provisions, the Option shall be exercisable at any time during the Exercise Period and from time to time as aforesaid by the Optionee giving a notice to the Optionor, in substantially the form attached hereto as Appendix “A”, specifying therein the number of Optioned Shares in respect of which the Option is being exercised, accompanied by payment in cash, certified cheque or bankers’ draft payable in full payment of the purchase price for such number of Optioned Shares so specified therein.
- (a) Upon any exercise of the Option as aforesaid, the Optionor shall forthwith [cause the Transfer Agent and Registrar of the Optionor to] deliver to the Optionee, or the Optionee’s legal personal representative or as they may otherwise in writing direct in the notice of exercise of Option, within ten (10) days following the receipt by the Optionor of payment for the Optioned Shares, a certificate or certificates representing in the aggregate such number of Optioned Shares as the Optionee or the Optionee’s legal personal representative shall have then paid for.

#### No Obligation to Exercise Option

5. Nothing herein contained or done pursuant hereto shall obligate the Optionee to purchase and pay for any Optioned Shares except those Optioned Shares in respect of which the Optionee shall have exercised in the manner herein provided.

#### Rights as a Shareholder

6. The Optionee shall, even prior to the exercise of the Option, have those rights in respect of the Optioned Shares as are set out and provided for in the shareholder agreement annexed hereto as Schedule “A” as if the Option had been exercised.

#### Transferability

7. The Option is not transferable or assignable and may be exercised only by the Optionee.

#### Reservation of Treasury Shares

8. The Optionor shall at all times, during the term of this Agreement, reserve and keep available a sufficient number of unissued Common Shares in the capital of the Optionor to satisfy the requirements hereof.

Investment Representations, Legends, and Agreements

9. (a) The Optionor may require the Optionee, as a condition of exercising such Option, to give written assurances in substance and form satisfactory to the Optionor to the effect that such Optionee is acquiring the Optioned Shares subject to the Option for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to such other effects as the Optionor deems necessary or appropriate in order to comply with federal and applicable state or provincial securities laws, including the *Securities Act* (Ontario) and the United States *Securities Act of 1933*, both as amended (all such legislation, regulations, and rules made thereunder, “**Applicable Laws**”), or with covenants or representations made by the Optionor in connection with any public offering of its common shares. The Optionee represents warrants and covenants that:
- (i) Any Optioned Shares purchased upon exercise of the Option shall be acquired for the Optionee’s account for investment only, and not with a view to, or for sale in connection with, any distribution of the shares in contravention or circumvention of Applicable Laws.
  - (ii) The Optionee has had such opportunity as he or she has deemed adequate to obtain from representatives of the Optionor such information as is necessary to permit the Optionee to evaluate the merits and risks of his or her investment in the Optionor.
  - (iii) The Optionee is able to bear the economic risk of holding the Optioned Shares acquired pursuant to the exercise of the Option during the Exercise Period.
- (a) By making payment upon exercise of the Option, the Optionee shall be deemed to have reaffirmed, as of the date of such payment, the representations made in this Section 8.

Anti-Dilution

10. (a) If, after the date hereof, the Optionor subdivides, redivides, combines, consolidates, reclassifies or otherwise changes its then outstanding Common Shares into a greater or lesser number of Common Shares or different shares, upon exercise of the Option granted pursuant to this Agreement the Optionee shall be entitled to receive and shall accept, in lieu of the number of Common Shares to which the Optionee is entitled upon the exercise of the Option, the aggregate number and variety of shares of the Optionor to which the Optionee would have been entitled as a result of such subdivision, redivision, combination, consolidation, reclassification or other change.
- (a) If there is a capital reorganization of the Optionor or other change in the Common Shares not covered by section 10(a) or a consolidation, merger or amalgamation of the Optionor with or into any other Optionor or entity (other than a consolidation, merger or amalgamation which does not result in any reclassification of the outstanding Common Shares or a change of the Common Shares into other securities) or a transfer of all or substantially all of the Optionor’s undertaking and assets to another Optionor or entity in which the holders of Common Shares are entitled to receive shares, other securities or property (a “**Capital Reorganization**”), the Optionee shall be entitled to receive and shall accept, in lieu of the number of Common Shares to which the Optionee is entitled upon the exercise of the Option, the aggregate number and variety of shares or other

securities or property which the Optionee would have been entitled to receive as a result of such Capital Reorganization.

- (b) Any adjustments made pursuant to this section 10 shall be subject to the following rules and procedures:
- (i) the adjustments provided for are cumulative and shall be made successively whenever an event referred to herein shall occur;
  - (ii) if the Optionor sets a record date to take any action and thereafter and before taking such action abandons its plan to take such action, then no adjustment shall be required by reason of setting such record date;
  - (iii) upon the occurrence of each and every event set out in this section 10, the provisions of this Agreement shall *ipso facto* be deemed to be amended accordingly and the Optionor shall take all necessary action to comply with such provisions as so amended;
  - (iv) if the Optionor takes any action affecting the Common Shares after the date hereof, other than any action described in this section 10, which in the reasonable opinion of the board of directors of the Optionor would materially affect the rights of the Optionee or the number of Common Shares which may be issued upon exercise of the Option pursuant to this Agreement, this Agreement shall be amended in such manner and at such time as the board of directors of the Optionor in its sole discretion may determine to be equitable in the circumstances; provided that failure of the Optionor to make such an adjustment shall be *prima facie* evidence that the board of directors of the Optionor has determined that it is equitable to make no adjustment in the circumstances. If any such adjustment is made, the Optionor shall deliver a notice to the Optionee describing such adjustment;
  - (v) in case a state of facts exists to which the provisions of this section 10 are not strictly applicable or, if strictly applicable, operate in an unclear manner or in a manner that would not fairly adjust the rights of the Optionee against dilution in accordance with the intent and purposes of this section 10, the Optionor shall execute and deliver to the Optionee an amendment to this section 10 providing for an adjustment in the application of such provisions so as to adjust such rights in accordance with the advice of legal counsel to whom the Optionor may refer any such question;
  - (vi) in the event of any question arising with respect to the adjustments provided in this section 10, such question shall be submitted for determination by the auditors or accountants, as applicable, of the Optionor and such determination shall be binding upon the Optionor and the Optionee;
  - (vii) as a condition precedent to the taking of any action which would result in an adjustment to the Common Shares issuable pursuant to this Agreement, the Optionor shall take any corporate action which may be necessary in order that the Common Shares to which the Optionee are entitled upon exercise of the Option in accordance with the provisions hereof shall be available for such purpose and

that such Common Shares may be validly and legally issued as fully paid and non-assessable; and

- (viii) the Optionor shall, from time to time immediately after the occurrence of any event which requires an adjustment in the number of Common Shares issuable pursuant to the exercise of the Option, deliver a certificate of a senior officer of the Optionor to the Optionee specifying the nature of the event requiring the adjustment and the adjustment thereby necessitated and setting forth in reasonable detail the adjusted number of Common Shares, method of calculation and the facts upon which such calculation is based.

Notice

11. Any notice required or permitted to be given hereunder shall be in writing and will be given by personal delivery, by registered mail or by electronic means of communication addressed to the recipient as follows:

if to the Optionee at:

Pace Developments Inc.  
30 Wertheim Cr.  
Richmond Hill, ON  
L4B 1B9

Attention: Dino Sciavilla  
Telephone: 905-731-5069 x30  
Email: dino@pacedev.ca

with a copy (for information purposes only and not to constitute notice)

David Chong  
Barrister and Solicitor  
Suite 202  
1370 Don Mills Road  
Don Mills, Ontario  
M3B 3N7

Fax: (416) 510-2234 - facsimile  
Email: [David@DavidChong.ca](mailto:David@DavidChong.ca)  
Attention: David Chong

and if to the Optionor at:

Naheel Suleman  
c/oHUSH Homes Inc.  
75 International Blvd #400,  
Toronto, ON  
M9W 6L9

Email: naheel@hush.ca

Attention: Naheel Suleman

with a copy to:

Wildeboer Dellelce LLP  
Wildeboer Dellelce Place, Suite 800  
365 Bay Street  
Toronto, ON M5H 2V1

Attention: W. Alfred Apps  
Email: aapps@wildlaw.ca

or such other street address, individual or electronic communication number or address as may be designated by notice given by any party to the other. Any such notice given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth business day following the deposit thereof in the mail and, if given by electronic communication, on the day of transmittal thereof if given during the normal business hours of the recipient and on the business day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system that might affect the delivery of mail, any such demand, notice or other communication may not be mailed but must be given by personal delivery or by electronic communication.

#### Time of the Essence

12. Time shall be of the essence of this Agreement.

#### Governing Law

13. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

#### Entire Agreement

14. This Agreement constitutes the entire agreement among the parties relating to the subject matter hereof and supersedes all prior agreements and undertakings, oral or written, between the parties hereto with respect to the subject matter hereof.

#### Enurement

15. This Agreement shall enure to the benefit of and be binding upon the Optionor, its successors and assigns, and the Optionee and the Optionee's legal personal representatives.

#### Assignment

16. Except as permitted by any stock exchange on which the Common Shares of the Optionor are listed and posted for trading and applicable securities laws, this Agreement shall not be assignable by the Optionee or by the Optionee's legal personal representative.

#### Counterparts and Electronic Execution

17. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of the Agreement by such party.

Independent Legal Advice

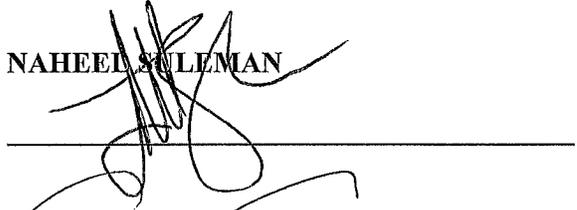
18. The Optionee acknowledges that:

- (a) the Optionee has been afforded the opportunity to obtain independent legal advice with respect to the terms of this Agreement prior to its execution;
- (b) the Optionee has obtained independent legal advice with respect to the terms of this Agreement or has declined to seek such independent legal advice despite having been given the opportunity to do so, and being advised to do so, by the Optionor;
- (c) the Optionee has read this Agreement and understands the terms and the Optionee's rights and obligations hereunder; and
- (d) the Optionee has entered into this Agreement voluntarily.

**[Remainder of page intentionally left blank.]**

**IN WITNESS WHEREOF** this Agreement has been executed by the parties hereto as of the day and year first above written.

**NAHEEL SULEMAN**



A handwritten signature in black ink, appearing to read 'Naheel Suleman', is written over a horizontal line.

**Witness**



A large, stylized handwritten signature in black ink is written over a horizontal line.

**PACE DEVELOPMENTS INC.**

By: **DINO SCIAVILLA**

**2462357 ONTARIO INC.**

By: **DINO SCIAVILLA**

**IN WITNESS WHEREOF** this Agreement has been executed by the parties hereto as of the day and year first above written.

\_\_\_\_\_  
**Naheel Suleman (Optionor)**

\_\_\_\_\_  
**Witness**

**PACE DEVELOPMENTS INC. (Optionee)**

  
\_\_\_\_\_  
By: **Dino Sciavilla, Authorized Signing Officer**

**2562357 ONTARIO INC.**

  
\_\_\_\_\_  
By: **Dino Sciavilla, Authorized Signing Officer**

**APPENDIX A**

**FORM OF NOTICE OF EXERCISE**

**TO: • (the “Optionor”)**

Reference is made to the stock option agreement dated as of \_\_\_\_\_, 2015 (the “**Option Agreement**”) between the Optionor and the undersigned Optionee. All capitalized terms used in this notice and not defined in this Notice of Exercise have the meanings ascribed thereto in the Option Agreement.

The undersigned Optionee hereby irrevocably gives notice of the exercise of the Option to purchase \_\_\_\_\_ Common Shares (or such number of Common Shares or other securities to which the Option Agreement entitles the Optionee in lieu thereof or in addition thereto) pursuant to the Option Agreement at an exercise price of [USD/CDN]\$● per share, for an aggregate subscription amount of [USD/CDN]\$\_\_\_\_\_ (the “**Aggregate Option Price**”) on the terms specified in the Option Agreement and encloses herewith a certified cheque, banker’s draft, or money order payable to the order of the Optionor in full satisfaction of the Aggregate Option Price.

The undersigned Optionee hereby directs that the said securities be registered as follows:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATED this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

•

By: \_\_\_\_\_  
[name], [position]