

## PCA Promissory Notes – Steps to Subscribe

Please refer to Peoples Christian Academy (PCA) Inc. Series A, B and C Promissory Notes Confidential Offering Memorandum dated on Oct 26, 2009 for complete details.

Three easy steps to purchase PCA Promissory Notes,

1. **Select Series A, B or C and amount.**
2. **Fill out and sign two copies of Subscription agreement on pages 7 – 8 below.**
3. **Bring payment (cheque, certified cheque or bank draft, payable to Peoples Christian Academy (PCA) Inc.) along with the two copies of Subscription agreement and deliver to PCA school offices, indicating Promissory Notes Subscriptions.**

### Series A Unsecured Promissory Note

**Issue Date:** December 1, 2009  
**Term:** 5 years  
**Price:** \$1,000 per unit  
**Interest:** Annual Rate of Interest is 3% payable annually, calculated on a simple basis  
**Maturing:** June 1, 2014 or on June 1<sup>st</sup> of the year in which the holder of the Series A Note has the last child graduating from Peoples Christian Academy Gr. 12 whichever is earlier.

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### Series B Unsecured Promissory Note

**Issue Date:** December 1, 2009  
**Term:** 10 years  
**Price:** \$1,000 per unit  
**Interest:** Annual Rate of Interest is 3.5% payable annually, calculated on a simple basis  
**Maturing:** June 1, 2019 or on June 1<sup>st</sup> of the year in which the holder of the Series B Note has the last child graduating from Peoples Christian Academy Gr. 12 whichever is earlier.

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### Series C Unsecured Promissory Note

**Issue Date:** December 1, 2009  
**Term:** 5 years  
**Price:** \$1,000 per unit  
**Interest:** Non-interest bearing  
**Maturing:** June 1, 2014 or on June 1<sup>st</sup> of the year in which the holder of the Series C Note has the last child graduating from Peoples Christian Academy Gr. 12 whichever is earlier.

**SCHEDULE "A"**  
**FORM OF SUBSCRIPTION AGREEMENT**

**PEOPLES CHRISTIAN ACADEMY (PCA) INC.**

**SUBSCRIPTION AND PURCHASE AGREEMENT FOR NOTES**

**TO: Peoples Christian Academy (PCA) Inc. (the "School")**

The undersigned (the "**Purchaser**") hereby irrevocably subscribes for and agrees to purchase from the School, pursuant to the terms and conditions of this Subscription Agreement, the principal amount of 3.0% Unsecured Series A Promissory Notes ("**Series A Notes**"), 3.5% Unsecured Series B Promissory Notes ("**Series B Notes**") and/or 0% Unsecured Series C Promissory Notes ("**Series C Notes**") (collectively, the "**Notes**") set out below. The Notes form part of an offering (the "**Offering**") of up to approximately \$2,000,000 principal amount of Notes to be issued and sold by the School; subject to increase by the School without notice. The Notes will be sold at a price of \$1,000 per each \$1,000 principal amount of Notes. For more information see "Promissory Note Description" in the Confidential Offering Memorandum dated October 26, 2009.

The School is not a reporting issuer in any jurisdiction in Canada and the Notes may be subject to indefinite statutory resale restrictions under applicable securities laws and, in such event, such securities may only be resold in accordance with appropriate statutory exemptions from the prospectus requirements of such securities laws or if appropriate discretionary orders have been obtained. Purchasers are advised to consult their own legal advisors in this regard.

**1. Delivery and Payment**

The Purchaser shall cause the following to be delivered to the School at 374 Sheppard Avenue East, Toronto, ON, M2N 3B6:

- (a) two completed originally signed copies of this Subscription Agreement; and
- (b) a personal cheque, certified cheque or bank draft made payable to "Peoples Christian Academy (PCA) Inc.", representing the aggregate purchase price payable by the Purchaser for the Notes.

**2. Closing**

The Purchaser acknowledges that certificates for the Notes will be available for delivery to it 14 business days after receiving the subscription agreement, or on such other date as determined by the School in its sole discretion, provided that the Purchaser has satisfied the requirements of Section 1 (Delivery and Payment) hereof (the "Closing"). It is a condition of Closing that all documents required to be completed and signed in accordance with Section 1 hereof be received prior to the Closing Date.

### **3. Purchaser's Acknowledgements**

The Purchaser acknowledges and agrees with the School (which acknowledgements and agreements shall survive the Closing):

- (a) the sale and delivery of the Notes, is conditional upon such sale being exempt from the registration requirements and prospectus filing requirements in connection with the distribution of the Notes under applicable securities laws;
- (b) the Purchaser has been advised to obtain and is solely responsible for obtaining such legal advice and tax advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement and the transactions contemplated hereunder;
- (c) in accepting this Subscription Agreement, the School is relying upon the representations and warranties and acknowledgements of the Purchaser set out herein including, without limitation, in connection with determining the eligibility of the Purchaser to purchase Notes. The Purchaser hereby agrees to notify the School immediately of any change in any representation, warranty, covenant or other information relating to the Purchaser contained in this Subscription Agreement which takes place prior to Closing;
- (d) the Purchaser has received or been provided with no materials or information about the School other than the Confidential Offering Memorandum of the School, dated October 26, 2009, and its decision to purchase the Notes was not based on and it has not relied upon any verbal or written representations made by the School or any other person other than as contained in the Confidential Offering Memorandum;
- (e) the Purchaser is aware that no securities commission or similar regulatory authority has reviewed or passed on the merits of the Notes; that there is no government or other insurance covering the Notes; that there are risks associated with the purchase of the Notes; that there are restrictions on the Purchaser's ability to resell the Notes and it is the responsibility of the Purchaser to find out what those restrictions are and to comply with them before selling the Notes;
- (f) none of the funds the Purchaser is using to purchase the Notes are, to the knowledge of the Purchaser, proceeds obtained or derived, directly or indirectly, as a result of illegal activities;
- (g) the Purchaser's purchase of the Notes has not been made through or as a result of and the distribution of the Notes is not being accompanied by an advertisement or general solicitation; and

- (h) no person has made any written or oral representations that any person will resell or repurchase the Notes, that any person will refund the purchase price of the Notes, as to the future price or value of the Notes or that the Notes will be listed and posted for trading on any stock exchange or that application has been made therefor.

#### **4. Acceptance of Offer to Purchase**

The acceptance by the School of the Purchaser's irrevocable offer to purchase the Notes shall constitute an agreement by the School with the Purchaser that the Purchaser shall have, in respect of such Notes, the benefit of the representations, warranties and covenants of the School made by the School and the conditions of Closing not waived by the School. In the event that the minimum amount of subscriptions are not received by the School or the purchase of the Notes pursuant to the provisions of this Subscription Agreement does not otherwise occur, the Subscription Agreement will be returned to the Purchaser, together with any payment that has been made in respect of the Notes, and the obligations of the parties hereto shall thereupon terminate.

#### **5. Representations, Warranties and Covenants**

The Purchaser hereby represents, warrants and covenants on its own behalf to the School (which representations, warranties and covenants shall survive the Closing) that:

- (a) this Subscription Agreement has been authorized, executed and delivered by, and constitutes a legal, valid and binding agreement of the undersigned;
- (b) if the Purchaser is an individual, the Purchaser has attained the age of majority and is legally competent to execute this Subscription Agreement and to take all actions required pursuant hereto, and, if a corporation, the Purchaser has been duly incorporated and validly existing under the laws of its jurisdiction of incorporation and all necessary approvals by its board of directors and shareholders have been obtained for the execution and delivery of this Subscription Agreement;
- (c) the Purchaser, whether acting as principal, trustee or agent, is resident in the Province of Ontario;
- (d) the Purchaser agrees to keep confidential all information which is not available to the public provided to the Purchaser relating to the business and affairs of the School and not to distribute or otherwise make available such information to any other person or otherwise exploit any such information except to the extent required by law or to representatives of the Purchaser; and
- (e) upon acceptance by the School, this Subscription Agreement will constitute a valid and legally binding contract of the Purchaser enforceable against the Purchaser in accordance with its terms.

The Purchaser acknowledges and agrees that the foregoing representations and warranties are made by it with the intention that they may be relied upon by the School and its counsel in determining its eligibility to purchase the Notes under relevant securities legislation. The Purchaser further agrees that by accepting delivery of the Notes on or after the Closing Date, it shall be representing and warranting that the foregoing representations and warranties are true and correct as at the Closing Date with the same force and effect as if they had been made by the Purchaser at the time of Closing and that they shall survive the purchase by the Purchaser of the Notes and still continue in full force and effect notwithstanding any subsequent disposition by the Purchaser of the Notes. The School and its counsel shall be entitled to rely on the representations and warranties of the undersigned contained in this paragraph, and the Purchaser shall indemnify and hold harmless each of the School and its counsel for any loss, costs or damages any of them may suffer as a result of any misrepresentations of the undersigned.

#### **6. Anti-Money Laundering Legislation**

In order to comply with Canadian legislation aimed at the prevention of money laundering, the School may require additional information concerning investors from time to time, and the Purchaser agrees to provide all such information. The Purchaser acknowledges that if, as a result of any information or other matter which comes to the School's attention, any director, officer or employee of the School, or its professional advisors, knows or suspects that an investor is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by Canadian law or otherwise.

#### **7. Costs**

The School represents and warrants that no commission or other remuneration is payable in connection with the sale of the Notes and the School and the Purchaser acknowledges and agrees that all costs and expenses incurred by the Purchaser relating to the sale of the Notes to the Purchaser shall be borne by the Purchaser.

#### **8. Survival**

This Subscription Agreement shall survive and continue in full force and effect and be binding upon the Purchaser notwithstanding the completion of the purchase of the Notes by the Purchaser pursuant hereto and the completion of the Offering of the Notes.

#### **9. Facsimile and Counterpart Subscriptions**

The School shall be entitled to rely on delivery by facsimile machine or a digital copy (e.g. PDF) of an executed copy of this Subscription Agreement and acceptance by the School of such facsimile or digital copy shall be legally effective to create a valid and binding agreement between the Purchaser and the School in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

**10. Governing Law**

This Subscription 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. The Purchaser hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Subscription Agreement.

**11. Assignment**

The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Purchaser and the School and their respective heirs, executors, administrators, successors and assigns; provided that, except for the assignment by a Purchaser who is acting as nominee or agent to the beneficial owner and as otherwise herein provided, this Subscription Agreement shall not, except to the extent that the School in its sole discretion consents, be assignable without prior written consent of the School. The benefits and the obligations of this Subscription Agreement, insofar as they apply to the Purchaser, shall pass with any assignment or transfer of the Notes.

**12. Entire Agreement and Headings**

This Subscription Agreement constitutes the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, warranties, covenants, understandings or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified in any respect by written instrument only. The headings contained herein are for convenience only and shall not affect the meaning of interpretation hereof.

**13. Time of Essence**

Time shall be of the essence in respect of this Subscription Agreement.

**14. Effective Date**

This Subscription Agreement shall take effect upon the date of execution hereof by the School.

**15. Subscription Particulars (please print)**

**THIS BOX MUST BE COMPLETED BY ALL PURCHASERS.**

(a) The total principal amount of the Notes being subscribed for is

\$ \_\_\_\_\_

*Subscriptions may be made in increments of \$1,000 only with a minimum of \$1,000 per Note.*

(b) The principal amount written in (a) above may be divided amongst the following Notes or assigned to one particular Note (*you can subscribe to more than one series of notes, however, the total principal amount must equal the total in (a) above*):

Series A Notes: \$ \_\_\_\_\_ Series B Notes: \$ \_\_\_\_\_

Series C Notes: \$ \_\_\_\_\_

(c) Name of Purchaser: \_\_\_\_\_

(d) Social Insurance Number (for Series A and B purchasers): \_\_\_\_\_

(e) Relationship with school: \_\_\_\_\_

(f) If parents, name and grade of youngest child at school: \_\_\_\_\_

(g) Address of Purchaser: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(h) Telephone number of Purchaser: \_\_\_\_\_

\_\_\_\_\_

(i) Facsimile number of Purchaser (if any): \_\_\_\_\_

(j) Email address of Purchaser (if any): \_\_\_\_\_

(k) The Notes are to be made payable to the following name and address:

Name and address provided in subsections (c) and (d) above

**OR**

Name of Holder: \_\_\_\_\_

Address of Holder:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Dated at this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
Signature of Witness

*(if the Purchaser is an individual)*

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Name of Witness

\_\_\_\_\_  
Name and Office/Title of Signatory

*(if the Purchaser is not an individual)*